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# West Europe Report

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16 October 1984

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**FINNISH PAPER REVIEWS SOVIET BOOK IN ENGLISH ON NORDIC 'ZONE'**

Helsinki HELSINGIN SANOMAT in Finnish 13 Sep 84 p 24

[Review by Kari Mottola of book "Non-Nuclear Status to Northern Europe" by Lev Voronkov, Nauka, 1984; no other publication data]

[Text] The credibility gap between East and West is threatening realization of a Nordic nuclear-weapon-free zone. Nevertheless, the first work to deal with the zone has been published in the Soviet Union. Kari Mottola reviews the book.

Sovietologists have energetically participated both at home and at Nordic forums in the discussion that has been going on over a Nordic nuclear-free zone. "Non-Nuclear Status to Northern Europe" is, however, the first book-sized full-fledged Soviet treatment of the subject.

Among Soviet commentators who follow Nordic affairs author Lev Voronkov is rare inasmuch as he is well-known in the Nordic countries as a person. He works at the Institute for World Economy and International Relations (IMEMO), which is the Soviet Academy of Science's leading research institute for international affairs. Voronkov is seen often at seminars for international researchers and civic organization meetings and he has gotten into a bitter controversy in the press with his colleagues in Sweden.

Voronkov's work is published in the publication series of the Scientific Council for the Study of Peace and Disarmament, which was founded as the collaborative body for the Academy of Science research institutes and researchers in that field. The series appears in several languages and is focused on a scientifically based but politically attuned international dialogue on topics of current interest involving disarmament and East-West relations.

The prestigious publication forum indicates that a nuclear-free Northern Europe is also viewed in the Soviet Union as an important issue on a world scale — although perhaps as a detail — in the struggle for a basic course of action in international relations.

The emphasis value — or rather symptomatic value — of the Nordic proposal in the international disarmament discussion is demonstrated by the analogous fact

that the Stockholm International Peace Research Institute (SIPRI) also some time ago devoted so much attention to a mere book.

#### A Question of Policy

For Voronkov how one relates to the nuclear-free zone is a question of policy. Whether the Nordic countries pursue a constructive policy of detente consistent with the interests of their own countries and territories or join the great strategic race that is increasing the danger of a nuclear war will more generally demonstrate this. Voronkov weighs the pros and cons of this viewpoint, argues for the venture and outlines the changes necessary for a secure, ideal Northern Europe.

As concerns Finland and Sweden, Voronkov applies the Soviet conception of neutrality, which in the West is often viewed as problematic and obscure. Voronkov's wording is clear. In politics there are always values and obligations more important than neutrality to which a neutrality policy must be subordinated to serve as an instrument for realizing practical necessities. The justification for a neutrality policy arises in these actions; it is not a matter of agreement, proclamation or some other form.

A readiness to take the initiative in favor of a Nordic zone and disarmament proposals in general is natural for Finland's neutrality policy. "Absolute" neutrality would be in contradiction with the need for action based on its national security interests. It would also be counter to Friendship, Cooperation and Mutual Assistance Pact obligations, which form the cornerstone of its foreign policy. With these assurances Voronkov recognizes the Finnish neutrality policy as an activity to construct a safer Northern Europe.

Sweden's efforts to maintain formal equidistance from the superpowers have weakened its ability to act while at the same time economic links and those involving military equipment technology have actually drawn it away from neutrality to the Western side. The Palme government's active participation in zone proposals earns it Voronkov's thanks as a policy correction aimed in the right direction in the use of its neutrality policy.

As concerns Norway and Denmark, it is not a question of interpretations or corrections, but of the choice of a policy still to be decided on. According to Voronkov, these countries' current policy keeps them tied to the United States and NATO's aggressive strategy, which is directed against the Soviet Union, and a policy of intimidation through nuclear weapons, which requires Soviet countermeasures against them too.

Well-informed on the discussion in the Nordic countries and the criticism that has been presented of peace research, Voronkov points out that Norway and Denmark have recently been drifting more and more deeply into military coalescence with the West and that they are providing services for the whole war machinery of the military alliance. According to Voronkov, this means that they are slipping away from their own support base and nuclear arms policy, in which the original intention was to take into consideration Soviet concerns for security.

In his opinion, participation in a nuclear-free Nordic zone would free the Scandinavian NATO countries from this nuclear-weapon game that will lead to suicide and would also eliminate the need for Soviet countermeasures.

#### Counteroffers

Would then a nuclear-free Northern Europe produce unilateral advantages for the Soviet Union as a superpower? Voronkov's argument disputes this Western claim.

First, it is a question of the Nordic countries' need for and opportunity to take spontaneous action in their own affairs. Second, a nuclear-free Nordic zone would be part of a broader international effort to prevent the spread and use of nuclear weapons. Representing general world opinion, the United Nations has studied and recommended the establishment of nuclear-free zones in several areas. In supporting a nuclear-free Northern Europe the Soviet Union is responding to these expectations, Voronkov writes.

Voronkov knows that the Soviet position is not that simple. The crucial aspect of the international debate is today focused on the question as to what the Soviet Union is prepared to offer in return for establishing a zone which would in any case really restrict the NATO countries' military policy.

Voronkov applies himself to this debate, but makes it clear that, unless unilateral advantages are soon forthcoming for the Soviet Union, it will not be prepared to make unilateral concessions either. It is on the whole pointless to demand much more clarification from it than the offers it has so far made before negotiations. However, during negotiations there may be a great deal of room for maneuvering and alternatives. To begin with, the Soviet Union is even ready to unilaterally offer guarantees that it will not use nuclear weapons. It would, however, prefer to offer a guarantee along with other nuclear powers. With respect to the question of guarantees, the problem is not only superpower relations, but also the demands made by the recipients and in general getting them to have confidence in the significance of the guarantees.

The Soviet Union's second offer is the implementation of "noteworthy measures" in its own territory, to be bounded by a zone. Primarily in Sweden, they have demanded the elimination of short-range nuclear weapons. Voronkov states that unilateral Soviet actions will depend on what sort of zone comes into being, what sort of guarantees they agree on and whether the Western powers participate in them. Only the negotiations can provide an answer.

The third topic is the Baltic. Voronkov clearly states that the Soviet Union is prepared to discuss getting the Baltic to be free of nuclear weapons, but that is a matter for all the nations bordering the Baltic — in practice between the military alliances involved in the balance of military power in Europe. This cannot be resolved as part of a nuclear-free Nordic zone or as a side issue, but it can be resolved simultaneously with it. A nuclear-free Baltic could be part of a chain of nuclear-free zones dividing Europe in two, extending from Northern Europe to the Mediterranean.

## Elements of an Extension

Even as it is, "Non-Nuclear Status to Northern Europe" demonstrates that the elements and the room for maneuvering are there for going more deeply into the discussion over a nuclear-free Nordic zone and even for entering into negotiations. In recent years the dialogue among experts on the Soviet Union and the Nordic countries has become more manysided and more concrete when talking about the zone and its contributing factors.

Voronkov's book is at the same time an indication that at the political level this proposal too is threatened with a setback because of the credibility gap between the Soviet Union and the United States. The Soviet Union's thoroughly negative appraisal of U.S. policy is reflected in Voronkov's strong warnings to Norway and Denmark as to the consequences of any cooperative military ventures coupled with U.S. nuclear weapons, no matter whether they are just normal policy as an ally from the standpoint of these countries. They are a danger to both the Soviet Union and the Nordic countries themselves.

The security policy debate between East and West has become ideological and dropped to the level of basic solutions and basic efforts. Positions are constantly getting more rigid on both sides. As far as Northern Europe is concerned too, great expectations will not be maintained until the power politics deadlock is broken.

11,466  
CSO: 3617/224

ARMS CONTROL

DENMARK

BRIEFS

PEACE COMMITTEE SUFFERS RIFT--The internal tensions within the peace movement have surfaced at Århus, where the Socialist People's Party has caused the umbrella organization of the various peace movements, the Peace Committee, to suffer a rift. The background is a disagreement on a slogan for a peace demonstration. Together with others, the Socialist People's Party proposed the text "Stop the persecution of peace activists in East and West." That slogan, however, was rejected by the Communist Party, among others. The chairman of the Socialist People's Party at Århus, Søren Eriksen: "In the peace cooperation at Århus, it was decided to unite on a political basis which does not reflect the central issues facing us today. That is why the Socialist People's Party has decided to leave the Peace Committee." [Text.] [Copenhagen BERLINGSKE TIDENDE in Danish 15 Sep 84 p 9] 7262

CSO: 3613/230

**PAPER SAYS PALME NUCLEAR DISARMAMENT INITIATIVE 'NOT SERIOUS'**

Stockholm SVENSKA DAGBLADET in Swedish 13 Sep 84 p 2

[Editorial: "Palme's Yen To Travel"]

[Text] Now Olof Palme wants to take a new step to save the world from the threat of nuclear war.

When he joined with the leading political personalities in Argentina, Greece, India, Mexico, and Tanzania in presenting a disarmament proposal, that proposal met with a very cool reception in the Western World. But it was applauded in Moscow.

The Soviet reaction is not surprising. The main point in the proposal, which was given the impressive name of "the five-continent initiative," is that the nuclear powers should commit themselves to freeze their deployment of nuclear weapons at the current level. If that happened, it would favor the Soviet Union, chiefly because the United States has a far greater need than the Soviet Union to modernize its nuclear weapons. A freeze at today's level would therefore involve the danger of an upset in the present stability.

The six promoters of the proposal are certainly aiming at more than a freeze. Over the longer term, they are linking the freeze with a considerable reduction in the number of nuclear weapons, and they are demanding that the cutback take place according to a verifiable disarmament procedure.

Every possible initiative for reducing the risk of a nuclear conflict is welcome. And no doubt it would also satisfy Olof Palme's expressed hope for "international attention."

The fact that Olof Palme, together with Indira Gandhi, Julius Nyerere, Andreas Papandreou, Miguel de la Madrid, and Raul Alfonsin, would visit various capitals may most certainly provide each of them with personal publicity.

But theirs is not a serious disarmament proposal. It is hard to take the group seriously, partly because two of the members represent countries that have refused so far even to sign the agreement to prevent the spread of nuclear weapons, and that agreement is now over 20 years old.

11798

CSO: 3650/284

## GOL ON BUDGET, COMMUNITY PROBLEMS, BRUSSELS STATUS

Brussels LE SOIR in French 5 Sep 84 p 2

[Interview with Jean Gol, vice prime minister and minister of justice and institutional reform, by Janine Claeys, Guy Duplat, and Jacques van Solinge: "There Is no Solution for Brussels Without Dialogue with the Flemish"]

[Text] Immigrants, radio and television commercials, the battle of the French speakers, excessive taxation, the communization of education, the future of Brussels. In his post-vacation interview Jean Gol reviewed all the major current problems.

[Question] The proposed 1985 budget will be introduced in parliament in October. Are there negotiable points?

[Answer] From September onwards, the House will study important bills in committees, such as the bill ratifying the special powers decrees. Without that text, all the government's action would fall to the ground. There is also the bill which would impose a 4 year duration for legislative sessions. Before the end of the year, parliament will have to vote on the budgetary act and on the two sections of the recovery act which concern education, rent, social security and job measures, which some people refer to as social deregulation. Treatment of those texts will have to be strictly parallel in both the House and the Senate. And as they are political texts, there can be amendments by one of the majority parties only if it is accepted by all the majority groups.

[Question] Are you satisfied with the social deregulation measures proposed for termination notices , for the protection of union representatives and for successive contracts of limited duration?

[Answer] It was a liberal idea. It is being taken up again today by the social Christians. The proposed changes are a good start, even if they are still insufficient. I am thinking, for example, of an idea which was not accepted: that in case of dismissal of a protected individual, the significant amount of the termination payment be paid into a solidarity fund rather than to the individual involved. That way the deterrent effect on the employer, who would like to dismiss a union representative who bothers him, would be maintained, but that representative or an ordinary candidate in the social elections would not be privileged.

[Question] In August, FDF [Democratic Front of Brussels French Speakers] Senator Serge Moureaux submitted new proposals about Brussels, proposing among other things the establishment of two assemblies, one French speaking, one Flemish, administering certain regional matters together.

[Answer] There are other interesting proposals being circulated, such as the one from my liberal friends proposing to broaden the international character of Brussels and to turn it into a free city.

The debate is a positive thing. I am not judging Mr Moureaux's attitude negatively. It is good to stir up ideas. Even if I am not very convinced of the effectiveness of his proposal. To set up a system which could be blocked without any possible arbitration is not very sound.

Obviously, the Brussels file is ripening. I appreciate the fact that Mr Moureaux came out of his trenches and went to meet the other community. The people of Brussels realize that there will be no solution for Brussels without dialogue with the Flemish of Brussels. It is because it had not understood that that the FDF collapsed. Things are also moving on the Flemish side. The Flemish people of Brussels have a recognized uniqueness.

However, as soon as one mentions the borders of Brussels, one runs into a real wall. Mr Moureaux was wrong not to mention the outskirts of Brussels and to let people think that the French speakers have given up on it. Mr Moureaux's speech has reinforced the Flemish strategy. I am also thinking of the status of Brussels. I will announce my proposals in due time.

And Education?

[Question] Another topical subject is the communitarization of education. If the next government wants to achieve this, then it will be necessary, won't it, for this parliament to authorize a revision of Article 59b of the constitution which keeps education, for the most part, at the national level?

[Answer] You have to be clear. In time, the communitarization of education will become a fact. It is enough to note the attitude of the PS [Socialist Party (Walloon)] and of the CVP [Social Christian Party (Flemish)]. Hence, one should see under what circumstances that reform could take place.

First of all it is a question of financial resources. The communitarization of education could be expensive for the French speakers. So, as it is especially the Flemish Community which is the petitioner here, let us let it come and let us negotiate financially with it in order not to inherit today's simple distribution formulas for allocations to the communities. I am sorry that the Socialist Party does not understand this tactic.

Next, there will have to be guarantees for the minorities. There will have to be Community Pacts which repeat the National Pact. Finally, I don't see how this reform could take place without a merger of the regional and community executives.

[Question] Will you vote in favor of the review of Article 59b against the wishes of the PSC [Social Christian Party (Walloon)]?

[Answer] There is a majority in parliament to enact this, without us.

### More Liberal, More French Speaking

[Question] Another problem will arise with Mr Davignon's departure from the European Commission. Belgium's foreign representation is essentially Flemish, as was emphasized by the president of the PSC.

[Answer] In 1981, Mr Spitaels said that he had come out of the government more socialist and more Walloon. I will come out of this government more liberal and more French speaking. I am more than ever convinced of the need for the French speakers to unite in order to assert their rights. They must think about their demands to acquire greater autonomy through the increase of authority at the regional and community levels. But I think that the French speakers must also fight to keep their place within the national government. Marcel Thiry said: "There is only one permanent majority, that is the Flemish majority. And only one minority, that is the French speaking minority."

Hence, to talk about a Belgo-Flemish government, as the PS does, is absurd. Either there isn't one or they all are. Unless the PS wants to believe that things are done differently by the socialists. Which would be conceited and dangerous, because to maintain that would undermine the consensus among French speakers which I continue to advocate, even if the socialists no longer talk about it much.

### French Speakers in the World

Having said this, I can only worry about the constant erosion of the presence of French speakers in Belgium's foreign representation. By 1990, two out of three diplomats will be Flemish. This important problem is the typical problem which should be debated among all the French speakers, including those in the opposition. How to prepare the future? How do we want to maintain a French speaking Belgian presence in the world?

[Question] And what about Davignon's successor?

[Answer] It is obvious that this poses a problem. The government will have to be rebalanced in favor of the French speakers. But I don't agree with Mr Deprez when he says that this rebalancing will have to benefit the PSC. The government balance did not take Mr Davignon into account. The rebalancing in the government will have to be done within the liberal family.

### Immigrants

[Question] Let us turn to the problem of immigration. Your law has been applicable since 1 September, hasn't it?

Leyssen: "Incoherent"

[Question] What do you think about Mr Leyssen's ideas, who told us that both employers and unions would ask the government for an accounting?

[Answer] Mr Leyssen talked on about this and that without much coherence. Mr Leyssen knows very well where the people's money went. There are no mysteries. Mr Leyssen's "new style" should be to no longer get employers and union members to agree against the government, as was usually done, but to obtain an agreement to help the government's recovery policy.

[Question] You told us a year ago that the employers should "jump into the pool." Aren't you disappointed with the results?

[Answer] When you see the investment figures, there is reason to rejoice.

[Question] Can we hope for a tax reduction as in France?

[Answer] In 1982 we wanted to restore the competitiveness of the enterprises. In 1983 we took measures to stabilize employment. This year, in the middle of a European election campaign, we have set up a rigorous plan to stabilize public finances. One cannot do everything at once. But it is unquestionable that the tax rate must no longer go up. It would even be desirable to lighten the tax burden. However, we are not France. Our public finance deficit is three times worse than it is there.

Three approaches are possible for tax reduction in our country. There is first of all an existing legal provision which says that as soon as the budgetary deficit drops below 9 percent of the GNP, there will be indexing of the tax scales. I think that it will also be necessary to correct certain anomalies. Today earned income is completely absorbed by taxation, even beyond their amount. A ceiling should be introduced, possibly even to be laid down in the constitution. For the lowest incomes, I believe that one should determine the limit below which tax collection is more expensive than what it brings in. Those low incomes should be tax exempt.

Brussels: Dialogue with Flanders

[Question] Let us turn to the problem of Brussels. Will you be a candidate in Brussels at the next legislative elections?

[Answer] That is a possibility considered by some people in the PRL [Liberal Reform Party (Walloon)]. They emphasize the essential stakes of Brussels and the importance of Brussels liberalism within the PRL. And without an excessive lack of modesty, I must note my very great popularity in Brussels. However, my decision has not been made yet. I am from Liege; I am a representative from Liege. I have no reason to be disappointed in the inhabitants of Liege and it seems to me that they don't have any reason to be disappointed in me.

[Answer] I am currently studying the files of several Brussels municipalities where the measures blocking the registration of new immigrants could be implemented. I will make proposals to the government by the end of September.

[Question] Last issue, the RTBF [Belgian Radio Broadcasting and Television System - French Service]. Is advertising going to be liberalized?

[Answer] Currently advertising is prohibited. This problem will have to be tied to that of the monopoly of the RTBF. We want two channels in the French speaking part of the country, a real plurality of information. To transform the current monopoly into an oligopoly. But is there room for two television agencies on the advertisement market? Who should then benefit from the product of the advertisement markets and how should it be divided? The time has come for the most important political forces within the French Community to discuss an audiovisual pact.

8463  
CSO: 3619/93

**JAKOBSEN RETAINING LEADERSHIP OF TROUBLED CENTER-DEMOCRATS**

Copenhagen BERLINGSKE TIDENDE in Danish 30 Aug 84 p 8

[Article by Solveig Rødsgaard; "Erhard J. Is at the Center When the Center Democrats Look for Political Profile"]

[Text] The Center Democrats are holding a summer group meeting and will attempt to mark out their political line for the coming Folketing year. The party has had problems since the election defeat in January but this has not affected Erhard Jakobsen's position as the party's uncontested leader.

The Center Democrats are having problems in marking out their political profile. Right since the party's breathless start in November 1973 the party has been alternately high up and way down, but the big defeat which the Center Democrats received as a governing party in the January election--from 15 to 8 seats--has produced problems, both in the Folketing group and among its members.

This profile, which many voters have obviously looked for--the party's latest Gallup figures were below the election result--can be difficult to portray, when there are only five Folketing members left for the routine political work in the Folketing, because the party's ministers are busily absorbed in their ministries. This problem is familiar also in the smallest of the governing parties, the Christian People's Party.

Whether there is success in finding a suitable profile for the coming Folketing assembly will perhaps be decided at the party's summer group meeting today. The party's profile struggle /before/ [in italics] the Folketing's summer vacation concerned the tax minister's changes in the travel expenses deduction. As the motorists' party, the Center Democrats would not agree to a compromise in the first round, but after a 5-day "war of nerves" between Center Democratic Party Chairman Erhard Jakobsen and Tax Minister Isi Foighel (Conservative Party) things nevertheless fell into place, when the Center Democrats as compensation demanded and received a tax break for safety equipment. Tax reform discussions are on the government's agenda in the coming Folketing gathering. Since the Center Democratic Party is also the party of single-family home owners, there will be a great deal to hold a line on when changes in interest deductions are talked about.

### Problem with Questionnaires

On the organization level the Center Democrats are attempting a tightening up and this has provided an occasion for some debate. The membership figure has been somewhat stable--about 2500--but now the party's Folketing candidates must pass a test, and it is this which has created some problems.

Haderslev District Candidate J.E. Langberg Nielsen wants to break with the party in protest against a questionnaire, which he regards as political schooling. Erhard Jakobsen is somewhat critical of the questionnaires, which he has not seen, because they are an organizational matter.

But Party Chairman Peter Duetoft willingly takes responsibility for them. In the questionnaire the candidates must tell about, among other things, board-of-directors and honorary posts and activities in the Center Democratic Party.

Peter Duetoft tells BERLINGSKE TIDENDE that it is a purely technical evaluation of activity. "I think it has a psychological effect on people when there is someone who is interested in what they have done and that it can really pay to do something. The questionnaire is a national council decision and therefore totally legal, and I think that with such a questionnaire the national council has a better check on candidates. But since we have just begun with the questionnaires it can be judged first after the New Year whether or not it has been a success."

### Erhard Jakobsen All-Dominating

The political and the organizational are separate. But Erhard Jakobsen will be foremost in the fall's /political/ [in italics] discussions. For it is still he who is the all-dominating leader figure, although he consciously tries to keep himself a little in the background. He founded the party and he is its uncontested leader. No one makes a secret of this. And although Erhard Jakobsen is now 67, there is no one who talks about replacing him.

He has said himself that the time will "not be stipulated by anything other than the quite simple fact that then there will be someone else who can do it better."

There is no doubt about who the someone else is. It will be in the family. Culture Minister Mimi Stilling Jacobsen /is/ [in italics] the Center Democratic Party's crown princess.

### The Group's Leadership

However, Erhard Jakobsen makes no secret of the fact that his work in the European Parliament is taking more and more time. It is no secret that at periods he does not directly pester the Folketing group. He has never wanted to occupy himself with the daily details of political work, but he will gladly participate in marking out the more important political lines. And he is a magnanimous party leader who gives the Folketing group's members a very long

tether. Which, of course, is also necessary, since Erhard Jakobsen is so often away from Christiansborg.

The daily leadership of the Center Democratic Party's Folketing group is held by Group Chairman Frode Nør Christensen, the 35-year-old police inspector and driving test expert from the Aulum district. Frode Nør Christensen has sat in the Folketing only since the December 1981 election, so it is not very long political experience for a group chairman in a governing party. He became group chairman after the January 1984 election when the chairman up to now, Yvonne Herløv Andersen, rushed out of the Folketing.

The Folketing group's vice-chairman is Bente Juncker, 40, who is also the group's secretary. She came into the Folketing together with Frode Nør Christensen in 1981 and today is among the party's tax policy spokesmen. In this capacity she has had some skirmishes with Tax Minister Isi Foighel and it accordingly did not go off quietly when the war of nerves was under way regarding the deduction for travel expenses.

#### Brusvang and Mogensen

Rene Brusvang, 58, and cofounder of the Center Democratic Party, lost last fall when he was not re-elected as group chairman and also did not receive enough votes to become vice-chairman, the last real remnant of influence on the party and the line which is to be laid down in cooperation with the government. For health reasons--he has publicly acknowledged that at periods he is on Antabuse--it is limited how much the Folketing group can draw on his labor.

As the fifth-ranking Folketing member the Center Democrats have Birgith Mogensen, a 57-year-old director and member of the Folketing since October 1979. Birgith Mogensen is one of the gentle people in the Center Democratic Party and her pet project is the war against drugs, in which she often has views which do not harmonize totally with those of the remaining associates of the group.

#### The Ministers

Culture Minister Mimi Stilling Jacobsen, 35, is the coordinator between the group and ministers. She is a member of the Folketing group's executive committee and, as said, also the party's vice-chairman. Mimi Stilling Jacobsen entered the Folketing in the February 1977 election and was her party's political spokesman when the four-party coalition government was formed and she became culture minister.

Transportation Minister Arne Melchior, 59, is a busy man who has enough to do in his ministry. He came into the Folketing for the first time in 1973 and, incidentally, also participated in founding the party. He was the Center Democratic Party's group chairman when the party took part in forming the government and he admits that he misses not being able to be somewhat more in the Folketing.

Housing Minister Niels Bøllmann, 45, has a calm disposition, and nobody will accuse him of wanting to revolutionize the society. He wants most for things to go calmly and peacefully in the Housing Ministry. But he is popular in the Folketing group and in the government. He entered the Folketing in 1977 together with Mimi Stilling Jacobsen.

The fourth Center Democratic minister is not a member of the Folketing. This is Minister for Greenland Tom Høyem, who is 42. He has tried to enter the Folketing since 1975 and was also an EC Parliament candidate in 1979 and in the June election of this year. He has also been his party's national chairman.

8985  
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## RADICAL LIBERALS' SPOKESMAN FORESEES SCHLUTER CONTINUING

Copenhagen AKTUELIT in Danish 14 Sep 84 pp 12-13

[Interview by Ole Lorenzen]

[Text] Prime Minister Poul Schluter (Conservative Party) and the rest of the government will continue till the end of the election period--in other words, till 1988. This clear message was issued by the political leader of the Radical Liberal Party, Niels Helveg Petersen, prior to the national congress of the party and the congress of the Social Democratic Party. Both congresses will start tomorrow.

He does not conceal his satisfaction with the past two years of nonsocialist rule. Two years in which an economic policy has been pursued which, in his opinion, gives good results, and where the Radical Liberal Party has been able to introduce much more than the party was previously able to.

Against this background, the speculation whether the Radical Liberal Party may be made to unseat the government may, indeed, be silenced, says Niels Helveg Petersen.

"We have promised the government nothing. There will still be reasonable possibilities that we may find a majority in the Folketing without the participation of the government on certain issues which we emphasize. That, however, will not cause the government to resign. At the same time, it is my impression that the government parties will stick together despite their differences," Niels Helveg Petersen says.

He, therefore, appeals to the Social Democratic Party to give up its policy of demonstration and instead seek concrete influence on the work in the Folketing.

"For 2 years, we have had the impression that the Social Democratic Party primarily sought to get us into a tight corner--that we, so to speak, were the principal enemy. To the Social Democratic Party, this is a very dangerous course, which may end up in a disaster. In that way, history will report that only the Conservative government was interested in doing something serious

about the economic situation of the country. However, giving the Conservative forces a monopoly on the recovery is much too risky. That is why the Radical Liberal Party has entered into a cooperation with the government.

"The line of demonstration on the part of the Social Democratic Party had the effect that, in the course of 14 months, the Social Democratic Party voted in three different ways in conjunction with the reading of the budget bill. Against that background, it is no wonder that doubts have been created with regard to the profile of the Social Democratic Party. That is why I advise the Social Democratic Party to be prepared for the fact that the government will remain in power, and, instead, seek to influence its policy in the same way that we are doing. My idea is not to carry on a controversy but solely to give a friendly piece of advice," Niels Helveg Petersen says.

He rejects the claim that the economic policy has been asocial, even if major economies have been carried through.

"In the first place, there has been no actual reduction in the expenditures of the public sector. It is solely a question of slowing down. The growth in the expenditures of the public sector has stopped. The important thing has been to increase the possibilities of enterprises of making profits. Against that background, it has not been possible to do anything more than what we have been doing."

"The social situation would be much, much worse if a very strict incomes policy had not been introduced. Today, more are employed than ever before. The unemployment rate is dropping very slowly. Enterprises are thus now able to employ more than offered in the labor market. That is extremely positive. An effort to combat unemployment will, at any time, be the most social policy."

Niels Helveg Petersen admits that the unemployment rate among young people continues to be a very big problem. However, the effects of the policy pursued by the government and the Radical Liberal Party have not yet been fully felt.

"However, that does not mean that nothing more can be done. There is probably a need for new initiatives which can provide work for still more young people."

It, therefore, is vitally important to continue the very strict economic policy which we have started pursuing. Without that policy, we shall very rapidly end up in a disastrous situation."

"A tax reform will constitute an important part of the economic policy. Only such a tax reform may decisively rectify the inequalities which exist today. The by far most important task of the upcoming session of the Folketing, therefore, will be to have the main lines of that reform adopted. That will, at the same time, be the best help ever for the parties in the labor market in connection with the collective bargaining," says Niels Helveg Petersen.

In connection with the tax reform, he stresses that it will be decisively important for the Social Democratic Party to participate in the reform.

"The tax reform constitutes such a radical intervention in the everyday life of every Danish citizen that it has to be backed by the vast majority of the population. However, I feel convinced that that is, indeed, feasible. At the present time, I have no intention at all of getting involved in a discussion on the implementation of a tax reform supported by a narrow majority."

The tax reform will, therefore, also this year constitute the chief objective of the Radical Liberals after the national congress of the party over the weekend. Last year, the Radical Liberal Party's congress did, indeed, adopt a motion to the effect that decisive steps should be taken to introduce a tax reform. Even if that step has not yet been fully taken, Niels Helveg Petersen, however, does not fear any criticism at the national congress.

"The national congress last year recommended a continuation of the economic policy, it recommended a tax reform and an improvement of the conditions of families with children. The economic policy has continued and gives results. The conditions of families with children have been decisively improved in two very important areas. Maternal leave is now of 6 months, and the ceilings for free spaces in day-care centers have been raised considerably. That means that especially single providers of small means have experienced a decisive improvement of their circumstances."

"At the same time, a nature conservation reform has been carried through, very much influenced by Radical Liberal viewpoints; we have launched a reform of the adult education program, and the first 100 million kroner have been granted. At the same time, as far as the missiles policy is concerned, we have achieved results which we would never have been able to achieve with a Social Democratic government."

"Finally, we made it a condition of our continued support of the government that it refrain from becoming dependent upon the votes of the Progressive Party. We went to the polls on the basis of that condition, and we acquired an additional seat. The government has not become dependent upon the Progressive Party and never will because the seats of that party are not necessary to form a majority, nor may they actually be used to provide a majority without our participation.

Niels Helveg Petersen is entirely aware of the key position which the party has obtained following the election.

"In view of our positions on energy, the environment, etc., it is obvious that, in a large number of issues, we have the final say. That is a position which is difficult and which gives us great difficulties. However, in my opinion, it is a fine position. Instead of being between the devil and the deep blue sea, it provides the opportunity to influence developments in the direction we wish. And, I suppose, that is the purpose of it. After all, we are not deliberately trying to annoy the government."

"On account of this situation, the parliamentary situation has changed. The government often is outvoted on concrete issues, but that I consider an advantage to the democracy. That means that the work in committees preceding

the adoption of bills becomes more important. Greater weight is thus attached to arguments for and against a bill."

"In view of this, the Radical Liberal Party does, in my opinion, achieve good results in its cooperation with the nonsocialist government. A cooperation which, therefore, will have to continue, but in which I thus would also welcome the Social Democratic Party," says Niels Helveg Petersen.

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CSO: 3613/230

**COMMUNIST PARTY CONGRESS HEARS CHAIRMAN ATTACK SCHLUTER**

Copenhagen AKTUELIT in Danish 17 Sep 84 p 4

[Text] "The task of this national congress has been to provide the Danish working class with weapons in the struggle against the right-wing forces," said Jørgen Jensen, party chairman, yesterday at the conclusion of the national congress of the Communist Party, held at Nørre Sundby for 2 days.

That struggle is not only decided at Christiansborg, for the opponent of the working class is not to be found there. The opponent is to be found in the center of big capital, and it is our obligation to formulate the slogans which may unite the working class in the struggle against big capital, against the right-wing forces," said Jørgen Jensen.

In his opinion, the national congress had clarified this situation for the participants and made it even more apparent that an internal debate ought to take place within the Communist Party as to the way in which to fight most effectively to achieve the goal: A socialist Denmark.

Jørgen Jensen thus picked up the thread from the introductory speeches with which he had opened the national congress on Saturday morning. He pointed out at the time that, in the struggle against the forces of the right, it is the task of the Communists to mobilize the workers. He found that the labor movement itself had a responsibility for the advance of the forces of the right and, in this context, directed an attack against the Social Democratic Party and the top leadership of the trade union movement--and he also criticized the Radical Liberals strongly for weakening the trade union movement.

In a general political statement, "the Schluter government and the reactionary plot which it represents," are demanded removed as soon as possible. It is established that the main task at the moment is to introduce permanent employment, an agreement in 1985 involving a 35-hour week without loss of wages and increased Danish efforts for peace, involving, among other things, that Denmark be declared a nuclear-arms-free zone "now and forever."

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CSO: 3613/230

**SPD'S RHETORICAL AFFINITIES WITH DKP ON PEACE MOVEMENT**

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Sep 84 p 12

[Article by Helmut Herles: "Aversion Within the Party to Harmonize with the Communists Lessens"]

[Text] Bonn, 14 September--The German Communist Party (DKP) can look upon the German Social Democratic Party (SPD) with satisfaction. In their last executive meeting, the Social Democrats, with their, to put it mildly, naive decision to support the demonstrations of the peace movement, have blurred the dividing lines. Forgotten and pushed aside are the warnings of former SPD Chancellor Schmidt. The Social Democrats of today are not even disturbed any more by the linguistic materialization of humans as human "chains" or "stars", in other words, as "material." They have taken over these human-subordinating concepts in their statements. This is not only an aesthetic problem, but much rather a matter of political control over heart and mind. The SPD leaders appear to have become insensitive to a political climate in which wishful dreams of the DKP for "unity of action" flourish.

With its decision to support the peace movement, the SPD executive committee fulfilled a wish of the DKP. Herbert Mies, chairman of the DKP, in the third executive committee meeting of his party on 25 August, speaking on the topic "New Developments in the Relationship of Communists and SPD?", stated: "An additional common task has emerged for Social Democrats and Communists for the continued development of the peace movement, namely to bring the labor movement together with the peace movement to an even greater extent. And thus we say to the Social Democrats again and again, now that we have discovered, and continue to discover, this common task in the peace movement, let us work for the cause of peace in joint and parallel actions. Now that we have found, and are still finding, our way toward cooperation in the peace movement, let us leave no possibility for cleavage!" (Quoted from the Information Service of the Wiesbaden publishing house "Das Junge Wort".) Mies places his hopes not only on the fraternal bond with the Social Democrats in the peace movement, with those same Social Democrats who are oppressed wherever the Communists are in control. He praised Egon Bahr for his interview in the July 1984 issue of PROBLEMS OF PEACE AND SOCIALISM, published in Prague and oriented toward Moscow.

In this climate of opinions, which has the predominant and trend-setting leaders of the SPD in its grip, those Social Democrats who still remember the experiences of the SPD as a liberal party with the Communists are facing hard times. These Social Democrats were ironically called "little wings" by Federal Executive Chairman Glotz. Party Chairman Brandt, though he warns the party against an "exclusion and tabooing strategy" toward the Green Party and other movements, has no objections when his Social Democratic critics are "excluded", as Professor Gesinde Schwan had to learn in the recent past in the Basic Values Committee. Similar experiences were shared by Juergen Maruhn and Manfred Wilke, the publishers of the book "Where is the SPD Headed?" (Munich 1984), as well as by authors of the book, such as the speaker of the miners' union (IG Bergbau), Niggemeier, or the union secretary of the IG Bergbau, Norbert Roemer. They were belittled by Glotz as "slogan coiners" for the political opponents of the SPD, or as "academic rightwingers". The member of the executive board of the metal workers' union, Hans Preiss, accuses those Social Democratic union members who do not wish to see the Unified labor union become either Communist red or green in the foreseeable future of resorting to "divisive slogans" (NEUE GESELLSCHAFT, No 7 1984). Their alleged "slander campaign" was tantamount to a "defamation of critical Democrats". Preiss does not realize that, in tone and choice of words, his article undertakes to do exactly that toward the critics of the Social Democratic convolutions and twistings: the defamation of critical Democrats.

In this connection, SPD Federal Executive Chairman Glotz behaves toward Social Democrats such as Roemer, who are fighting for the "identity" of their party and the labor unions, with a mixture of cynicism and fantasy, but not in a helping manner. In a letter from Glotz to Roemer that was not published by NEUE GESELLSCHAFT, the SPD Federal Executive Chairman makes light of the concern of the union functionary that the SPD, in its new and special longing for peace, might neglect the question of freedom. According to Glotz, he could perceive no successful Communist infiltration attempts. "The specific debate" in the labor unions should not be "carried over into the SPD without a compelling need". Glotz writes of an "alleged conflict of objectives" between peace and freedom. "I continue to consider it a phantom debate. The position of our party in these questions is absolutely clear." In the process, Glotz quotes, of all people, Helmut Schmidt, the same Helmut Schmidt whose security policies were rejected by the SPD by a margin of 380 to 14 votes at its party congress in Cologne in 1983. "Our party wants the partnership principle of detente and arms limitation to be retained in the relationship with Moscow. In so doing we will not risk losing the slightest iota of our ethic of freedom and personal self-responsibility. While we cannot make concessions to the political understanding of our Russian neighbors and the Communist political philosophy, we nevertheless want to conduct ourselves as neighbors" - thus the quotation of Schmidt at the 1984 SPD party congress in Essen. Glotz has "nothing to add" to this. He could not understand, he states, why Roemer is creating a "conflict of objectives" or, worse, why he insinuates that the party is "sacrificing one principle for another."

That is the way it appears on paper. In the daily arguments within the labor unions, however, things are different. There men like Roemer or Wilke must feel themselves left in the lurch by their party and feel like "outsiders" in the prevailing climate of opinions in the SPD media. By the KDP media concern, they are treated like non-persons anyway. With this development, too, the DKP can be satisfied. Its "human chain" in the labor unions and in the peace movement is getting denser.

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CSO: 3620/467

## YOUTH GROUPS RAPIDLY LOSING POLITICAL INFLUENCE ENJOYED IN 1970'S

Helsinki HELSINGIN SANOMAT in Finnish 16 Sep 84 p 31

[Article by Jukka Halonen: "Lost Power of Youth Politics"]

[Text] "Someday this bubble will yet burst," said a long-time official of a political youth organization. He meant simply the politics of youth, its present situation.

Political youth organizations were able to push through their cooperative organization and their battlefield. Now they are looking toward the future and are deliberating how to keep the bubble that has lasted 15 years whole so that they will not commit political suicide.

In 10 years youth politics has been at the crest of the wave and now it is near the bottom. The waves are all around, dangerously close to drowning it.

Little is left of the former days of greatness and headiness. The ranks have become divided, there are no mutual causes. New people are not being attracted, and if someone is enlisted, it is difficult to make him or her motivated enough to become involved.

But everything was different in the golden years of the 1970's. That time is remembered as chaotic in youth politics, it facilitated a quick path to power and advancement in one's career. Political youth organizations were the training ground for professional politics, in which essential issues were learned quickly and effectively. Experience was gained in international activities as well as in domestic policies.

It was quick, chance flash. In retrospect two reasons have been explained for it. The overall atmosphere was favorable to social activism and influence, which can only occur in political organizations. Active people organized themselves under a party banner.

The other fact was that politics had created an opening into which young politicians could enter. Economic growth swelled the public sector, and members were recruited into the resulting official positions of the political parties. Thus there was an attraction and need for new people. National politics needed new faces, the children of the television era.

The situation could be seen the most clearly in Rafael Paasio's SDP. The party had matured into a major party and had only recently been unified after resolving its internal conflicts. Young people had to be given positions of responsibility since Paasio did not trust those who had controlled the party for a long time.

The leadership level of the SNK [Association of Social Democratic Youth] quickly moved into the center of politics. Chairman Ulf Sundqvist received a ministerial post in 1972 at the age of 26. Vice-Chairman Matti Ahde was elected as MP in 1970 at the age of 25.

Erkki Liikanen, a member of parliament at 22 and a member of the SDP's Executive Committee at 24, became an actual political Cinderella. Liikanen continues to be, 10 years later, the youngest member of the Social Democratic Party leadership.

Examples can be found from other parties also. Paavo Vayrynen, an activist in the NKL [Center Party Youth League] and general secretary of the Center Party Students' League, was elected MP at the age of 24 while at the same time becoming the political secretary of the veteran politician Ahti Karjalainen. NKL Vice-Chairman Martti Pura became vice-chairman of the Center Party in the 1980's.

Chairman Ilkka Kanerva of the Conservative Party Youth League was picked for parliament as was Ben Zyskowicz. The happy days of the 1970's were also experienced in the Finnish Democratic Youth League, a Communist organization. True, the young people did not, however, make it quite to the very top.

#### Activities Behind the Scenes

The days of good fortune for youth politics strengthened the organizations. The new members became involved in party work, which became politicized and subsequently excluded the amateurs. The higher institutes of professional politics received their study plans, the subjects being ideological and total explanations of the world, meeting techniques, and organization work.

Youth politics received the impression that the whole world now belonged to them, and this even the facts supported. Massive backdrops were created and the masquerade succeeded. The bubble was created. Membership did not increase, but the proportion of activists did. Enthusiastic members of youth leagues were transported from one event to another, and they yelled with all the strength of youth.

This misleading impression was followed by internal and mutual power struggles, in which the gunpowder that was supposed to be used for the management of common causes was in the final count used up. The struggle for leadership positions became serious.

Communists in the Finnish Democratic Youth League argued along the traditional lines of the old axis. In actuality the league was comprised of two separate organizations, of which the Taistoties [Stalinists] was the stronger, but the

blue shirts did not, however, ever gain control of the youth league. Since the party remained in the hands of the majority, the youth league did also. The Taistotoites succeeded in suppressing the majority on the student organization. The Socialist Students' League changed owners in the beginning of the 1970's.

Left-wing and center Social Democrats struggled for power in the Association of Social Democratic Youth with the former being victorious. In the Conservative Youth League old-line bourgeoisie quarreled with the more radical activists, who had an interest in Soviet relations, among other things. The Center Party Youth League got off with less strife since it was relatively quickly made to adhere to the K-line.

#### Organizations Became Organized

But relations had to be clarified with others also. Areas of mutual competition arose on the wings of growth. Places had to be found in order to exploit political power.

Student elections became quickly politicized in the 1970's. Slogans called out for world revolution or world freedom. School elections were held in 1973. Political groups began to appear in place of hobby groups in secondary and university prep schools.

The prevailing free social movement was pressed into a mold as a parallel and perhaps more essential phenomenon. Each issue had to have its own organization. Each organization had to have its leaders, who were elected from the political youth organizations. These young politicians were set free to make political deals and organize league meetings.

When hard-line organizational types, professional youth politicians, were elected to the leadership of free front organizations, they began to lose touch with the basic level, average youth. The new leaders were, perhaps, excellent junta men, but for them power was more an end in itself than the promotion of the actual task. And their thinking was supported by their electors, other youth politicians. Even though it was observed that a certain elected individual is a poor leader, he could not be pushed aside without new political deals.

#### Teenagers' League Disappearing

The Teenagers' League (Teiniliito /National Association of High School Students/) is the most graphic example of future direction. When this league's activities were politicized into an anti-imperialist struggle on behalf of solidarity, the organization began to come apart.

The Taistotoites succeeded in gaining control of the Teenagers' League. They openly acknowledged the Teenagers' League as a political home, since there was no opportunity for this in their own organization, the Finnish Democratic Youth League.

The mammothlike organization and property of the Teenagers' League was completely destroyed within 5 years. When state auditors inspected the league in 1975, abuses were found by the handful. The Taistoites were not the only guilty parties. Youth politicians recall eventful experiences of that time, who cheated, misrepresented, or violated the rules more than others. The standard joke was that sometimes one had to act even legally to achieve the goal.

#### Election Victories Invented

"In 1974 there were about 50 of us who primarily worked on the school elections. The majority was paid to act as officials in the provinces, about 10 organized things in Helsinki. Half of them worked in the central office, half in student organizations."

This is how a former school election worker from a political youth organization recalled the time when youth organizations still worked diligently on their own front. Besides being a measure of support, school and student elections were also a channel for procuring new members.

However, the elections soon began to reflect sad figures for everyone. The Conservative Party came out the best, but the downward trend was felt by all and the system was abandoned completely by the end of the decade.

This abandonment was accelerated by the issuance of false election figures. The results were always recorded as a victory even though the figures from the initial turmoil did not in any way support this.

"The problem was that when an election victory had been exaggerated in the previous year, the following year had to be exaggerated even more. The truth and statistics went in two different directions," recalled a school election worker from the 1970's.

Even if the system had been valid at the top, it could no longer succeed at the basic level. And when the generation of school council members graduated to the university, they were still left with the task of negating a corrupt student policy. The percentage of voters in student elections is now approaching the figures of church attendance.

#### Equal Distribution Guarantees Money

The old youth policy has been given a new faith in the 1980's. The official positions have been filled and the paths are blocked; political flights to the stars are a thing of the past.

Whereas formal positions still had an effect on youth in the beginning of the 1970's, now actual proof is required. Youth is adopting a suspicious attitude toward political parties, what little participation there is, is preferably being channeled outside of political organizations.

The Teenagers' League ceased to exist at a league meeting of three representatives; no one is interested in any other organizations still barely alive.

The political picture in the universities is confusing. The nonaligned control the student unions, political youth are on the decline.

The work of actual political youth organizations can be described as a sad state of affairs. There are so few activists that state aid for each organization can be calculated in several thousand markkaa per participating member. However, an attempt is being made to keep membership registries at a certain level so that there would not be a complete panic in the event of a surprise audit. Even if there were the desire, it is difficult if not impossible to burst the bubble from 10 years ago. Millions in aid would remain uncollected.

Random samplings of records have at times revealed amusing situations. Social Democratic municipal council members have been found in the card files of the Conservative Youth League. The majority faction of the Finnish Democratic Youth League brought to their meeting a representative whose section operated for years at the bottom of the Loka artificial basin.

Power struggles have been prevented by equal parliamentary distribution. The SNT, the Committee of Finnish Youth Organizations, a kind of youth parliament to which representatives are elected without youth elections, was established in 1979. The task of the SNT is to equitably distribute positions of power, international representations, and funds.

SNT also takes care of the relations of Finnish youth organizations with the Socialist countries. With the demise of the Teenagers' League and the decline of the League of Finnish University Student Unions, there was no organization representing our sovereign youth with which KMO [Committee of Youth Organizations of the USSR] could maintain relations.

The SNT is being directed by those youth of the 1970's who were left behind in the distribution of positions.

#### Elite Youth Represent

Even though much has fallen behind in youth politics, there, nevertheless, is still something left. This somehow inspires the holdouts even though a rosy political future is no longer self-evident.

As before, the youth politician receives a reasonable salary for his work frequently in spite of non-existent training. He is able to represent Finnish youth abroad under the protection of a small support group. He is frequently seen at embassy functions, he talks about important questions of youth politics with the voice of his party.

And what is most important is that even though no power is forthcoming, there is always a prospect for politics. Then it is still wonderful to be a political leader even though the muscle holding up youth politics has become slack.

Indeed, it is also good to deliberate the future. There is a slow awakening to the truth that something is immensely wrong. When the reasons for the

lack of interest in politics on the part of youth are considered, the finger of the youth politician is pointed at the parties: "The fault is not ours."

The surrounding world and new social trends are also noted posthumously. Since Green values are acknowledged to be interesting, one must attempt to be Green. One must also remember to talk about peace.

The essence of the youth politician has changed. While the old means of operation were an encyclopedia learned by heart, a necktie, and a briefcase, now they are a large wool sweater, boots, and the normal language of youth. In the manner of the Jesus kids, one must prove that I am an average youth and happy in my affairs.

Still, everyone has their own separate traits. The Communists seek a solution from left-wing populism and want to strike out against Reagan. The Social Democrats are raising their profile by shouting at the parent party and participating in international solidarity work. Center Party youth can still function under the wing of the parent party, as green fruit. Ilkka is criticized in the Conservative Party and its youth are attempting to be movers even though those who previously remained outside of the so-called general democratic front have finally been pressed in to the same mold as the others.

#### Where The Youth of The 1970's Are Today

What then became of us since those golden days of youth? Let us take, for example, the leadership and officials of the Association of Social Democratic Youth from the years 1970--1973.

Ulf Sundqvist was elected chairman of the Association of Social Democratic Youth in 1970. Now Ulf sits in the leather chair of a bank president at STS and pulls down a 5-digit monthly salary which does not begin with one. He has his own official car and a driver.

Before becoming bank president, Sundqvist was a minister at three different times, a MP for 13 years, and SDP secretary for 6 years. His course is once again aimed at politics if he can find a suitable opening, the kind that he found in 1970.

Matti Ahde was elected vice-chairman. The long-time youth league member and football player developed into a MP, a chairman of TUL [Workers Sports League] and the SDP's parliamentary faction, minister, and party vice-chairman. Ahde is not pulling the chair out from under Chairman Kalevi Sorsa, but he would not regret it if the rank and file puts him in it.

Marianne Laxen was elected general secretary. She still has the same title, however, she is now employed in the office of Social Democratic Women at the party's main office.

At the 1981 congress in Pori Laxen fought for the party secretary position with Erkki Liikanen, who was a member of executive committee of the Association of Social Democratic Youth in 1970. The match ended in Liikanen's vic-

tory. Now he talks with the authoritative voice of the Social Democratic Party expecting that the party chairman's gavel will become his just as easily as everything else has so far.

Other former members of the association's leadership are present MP Markus Aaltonen, Seppo Salminen, the well-known chairman of the Social Democratic faction of the Tampere City Council and an instructor in the Social Democratic Institute, and General Secretary Penti Vaananen of the Socialist International.

Hannu Vesa, who promoted a left-wing line in the executive committee, is transferring from the Council of Nordic Ministers in Oslo back to Finland. He found a new position in the international section of the Ministry of Agriculture and Forestry. His colleague, Folke Sundman, is chairman of the Committee of One Hundred and organization secretary of the UN Association.

Matti Mikkonen remained district secretary of the party in Northern Karelia. Tuomo Saarinen earned a living for a long time as district chief of Kansa until an insurance company purchased a hotel and rented it to Saarinen. Raija Kurki is section chief in the Labor Office in Hameenlinna.

Pekka Siukkola and Jouko Sillanpaa were also in positions of trust in the leadership. The former is an editor of ETEENPAIN, a Social Democratic newspaper in Kotka, the latter is a research worker for the City of Vantaa.

Among those with salaried positions in the Association of Social Democratic Youth, Information Secretary Lauri Sivonen in the party's information chief and director of the information office. Organization Director Seppo Puhakka found a position in the People's Education Fund and his colleague, Pekka Ovas, found a position in the party's Satakunta District.

Program Secretary Alpo Halinen became the cultural secretary of the Workers' Education League and the least known member of the Songilo Program Group. Former Program Director Ritva Penttonen works in the same capacity, but is not a member of Songilo.

Education Secretary Pertti Hynnen has become an instructor in the Social Democratic Institute. International Affairs Secretary Ilpo Manninen is in the Foreign Ministry and is working as an aide at the embassy in Bonn.

Similar developments can also be found from among the other political youth organizations.

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CSO: 3617/225

## AKE WIHTOL NEW FOREIGN MINISTRY PERMANENT SECRETARY

Helsinki HELSINGIN SANOMAT in Finnish 14 Sep 84 p 3

[Text] The Foreign Ministry's highest official, the secretary of state, will be replaced in early March of next year. Current Secretary of State Matti Tuovinen's (Center Party) 5-year term ends at that time and the Foreign Ministry's present undersecretary of state for trade policy, Ake Wihtol (60, independent), will become the new secretary of state.

The president will probably appoint the new secretary of state at the Friday presentation. At the same time ambassador to Brussels Paavo Kaarlehto, 56, will probably be appointed to Wihtol's post as the new undersecretary of state for trade policy.

A Foreign Ministry secretary of state corresponds to a department head in the other ministries. Tuovinen has served as secretary of state since 1975, that is, two 5-year terms. He is expected to go into retirement. Tuovinen will be 62 in December.

Promoted to the post of secretary of state, Ake Wihtol has served as undersecretary of state since 1981.

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CSO: 3617/224

## CHAIRMAN AALTO TOUGHENS STAND IN DEALING WITH STALINISTS

Helsinki HELSINKIN SANOMAT in Finnish 14 Sep 84 p 15

[Commentary by Janne Virkkunen: "Aalto Criticizes Former Communist Chairman: 'Kajanoja on a Stalinist Tack'"]

[Text] Finnish Communist Party (SKP) chairman Arvo Aalto has criticized former SKP chairman Jouko Kajanoja for having drifted onto the course of the party's Stalinist minority in his actions.

Questioned at the monthly Political Editors Association luncheon on Thursday, Aalto said that at the Central Committee meeting held after the municipal elections decisions critical from the standpoint of keeping the SKP together were made. He said that relations between the SKP and the Communist Party of the Soviet Union (CPSU) would continue to be conducted "in the usual framework."

"I have been unable to avoid the impression that Kajanoja's line of thought and deeds have in every conceivable way coalesced with that course of action that has been typical of the TIEDONANTAJA (Stalinist organ) people," Aalto said.

Aalto displaced Kajanoja from the post of SKP chairman at the 20 May party congress when the moderate majority took possession of the party leadership. The Stalinist minority remained excluded from the party organs when it refused the posts offered by the moderates. Kajanoja was elected a member of the Central Committee, but he has so far refrained from serving on it.

Last Sunday the Stalinists and the so-called third-liners organized a meeting described as a unity meeting, at which Kajanoja accused the present leadership of forcing the SKP to the Right in terms of internal politics and into isolation from the international communist movement.

At the meeting they decided to concentrate their job activity and, among other things, form a joint council of Communists for 100 big jobs. The chief CPSU organ PRAVDA also reported on the meeting, mentioning the fact that "important persons," Kajanoja and Taisto Sinisalo, who is the leading Stalinist figure, had spoken at the meeting.

According to Aalto, the meeting of Stalinists and third-liners "gave the impression that there is more in these comrades' interests that unites them than

that separates them." According to Aalto, "Kajanoja's people" are small in number and different in terms of feelings and aspirations.

Aalto criticized the third-liners for trying to solve the SKP's problems by severing their connections with the two factions. The third line began to raise its head at the start of the decade. He acknowledged that third-liner activities had shifted SKP supporters into the Stalinist camp and were thus causing the defeat of the party in promoting settlement of the internal dispute through an open split. The immediate consequence of a split would be a weakening of the SKP's position, Aalto admitted, but he nevertheless felt that there would be room for an influential communist party even after a split.

#### SKP and CPSU

Aalto was very tight-lipped in assessing relations between the SKP and the CPSU and he refrained from commenting on PRAVDA's report on the "unity meeting." He also declined to say how far along they are in preparing a cooperation agreement between the parties and an exchange program, and when they will be signed. "There is no particular problem in connection with this," Aalto said and added that party relations would continue to be conducted "in the usual framework."

Aalto said that the SKP had invited a representative of the CPSU to a seminar in celebration of the 40th anniversary of the founding of the party and he thought that "the invitation would be accepted."

However, representatives of affiliated parties have not been officially invited to the SKDL [Finnish People's Democratic League] celebration.

Aalto acknowledged that opinions are circulating according to which the SKP is drifting into domestic and foreign policy isolation. "Comments to this effect are circulating with the end in view that the situation may turn into just such a one," Aalto said. He felt that it was regrettable that those who are spreading these comments "are comrades who are still, at least, in this party."

#### Decisive Central Committee

Aalto felt that the prediction that the Central Committee that was to meet after the municipal elections would make decisions that would for a long time dictate future SKP events is well-founded.

According to Aalto, we may, among other things, expect a decision on the special congress demanded by the Stalinists. However, we did not get answers to the questions as to whether a new congress will be held with new or old delegates and whether the leadership plans to establish new district organizations in the districts controlled by the Stalinists. Nor did Aalto answer the question as to whether the two factions would enter into negotiations in the meantime either.

Moderate leaders have launched their own actions in the districts of Uusimaa and Turku, the hardest line Stalinist districts. According to Stalinist

reports, polishing things off, SKP leaders added a decision according to which the moderate party cells of those two districts are endorsed as the new district organizations.

The operation will probably, if necessary, guarantee the present leadership an unequivocal chain of office at the special congress. At the 20 May congress the moderates in fact had a margin of slightly over 10 delegates.

In Aalto's opinion, the issue of a special congress is not one having to do with the legality of the rules, but a political issue — in other words the congress will be held, but the decisions made at it are open.

#### Stalinists' Five-Week Grace Period

SKP chairman Arvo Aalto seems to have irrevocably chosen his course of action: The party may even fall apart, but during his term in office in the SKP they will not return to the former situation, when in practice two parties, a reformist majority and a Stalinist minority, were operating within it.

Aalto rose to become leader of the SKP at the 20th party congress last spring. Jouko Kajanoja, during whose term the power threatened to slip into the hands of Taisto Sinisalo and his bunch, was fired.

Aalto obviously does not want to repeat the mistake the moderates made a few years back, when conciliatory negotiations engaged in with the Stalinists only led to the dissolution of the moderates. At that time the Stalinists were left out of the governing bodies of the SKP after the 1982 special congress and did not return until Kajanoja negotiated stronger positions for Sinisalo in the SKP.

At last spring's party congress the Stalinists refused to participate in the SKP governing bodies as a protest against Aalto and "discrimination." This time the moderates cut them out of these posts entirely. The Stalinists mis-calculated the balance of power at the congress and hung themselves through the person of Aalto.

#### Threatened with Split

Immediately after being elected, the new chairman emphatically stated that a rule-governed way of doing things would be restored to the SKP. Aalto warned the Stalinists that there would be an open split at the end of the path [they had chosen]. Since Aalto continues to repeat the same thing, there is reason to believe that he means it.

SKP leaders have quickly come up with the possibility of setting up their own district organizations in the Stalinist-controlled districts. Operations loyal to the party leaders have already been set in motion in two diehard Stalinist districts in Uusimaa and Helsinki.

On Thursday Aalto vigorously pounded away at them to have the SKP Central Committee, which is to meet at the end of October after the municipal elections, make decisions that will be irrevocable from the standpoint of the SKP's future.

It would seem, however, that by then the Stalinists will have to decide whether they let the SKP split up or whether they agree to humble themselves before Aalto. Humbling themselves is at the very least unlikely.

Appealing on the grounds of SKP rules, the Stalinists have demanded a special congress and at the October meeting of the Central Committee they will probably decide to call a congress, perhaps sometime next spring.

At the same time the Central Committee may reach a decision on the moderate district organizations set up in Uusimaa and Turku, with the help of which party leaders are assuring themselves of a majority loyal to themselves at the party congress.

Aalto and first secretary Aarno Aitamurto hardly dare rely on last spring's congress delegates since, after all, their majority depended on only 11 delegates out of a total of nearly 350.

With new delegates and additional forces, the majority headed by Aalto could lead the party to final integration at the special congress by expelling the eight Stalinist district organizations from the party.

After that, the Stalinists might dig their old reserve party out of mothballs, the Socialist Workers Party, removed from the party rolls because of [lack of] support, and begin to openly compete with the SKP.

#### CPSU Favors Kajanoja

The joker in the deck in the Communists' internal game is the question as to what the CPSU will have to say about this development. Has it shifted from its traditional position that the SKP must not be split?

There are as yet no answers to the question.

The CPSU has, however, consistently favored the Stalinists and also Jouko Kajanoja, who vacationed last in the Soviet Union for a couple of weeks last summer, also then meeting with CPSU representatives in Moscow. After his vacation Kajanoja described SKP-CPSU relations as giving cause for concern.

As for Aalto, on Thursday he assured us that he trusted that the SKP's international relations would continue within the usual limits. On the other hand, Communist sources acknowledge reports to the effect that talks between the SKP and the CPSU about an interparty cooperation agreement have not made any progress to be correct. We must also remember that Aalto has not visited Moscow as party chairman.

A possible SKP split into at least two parties and the difficulties Aalto's party leadership is creating with respect to Moscow will not be without consequences in Finland either.

The two biggest government parties, the SDP [Social Democratic Party] and the KEPU [Center Party], have conspicuously taken care not to get involved in the increasingly heated Communist dispute. They have not supported Aalto any more than they have Sinisalo either.

Then what about the future of the third line, grouped about Kajanoja? It is hard to imagine that there might be room for a third force between Aalto and Sinisalo, especially since it is in close collaboration with the Stalinists.

However, Kajanoja's chances may lie in the possibility that he could succeed in breaking off a chunk of Aalto's majority and a chunk of Sinisalo's minority to form the basis for his own party. That he might succeed in doing so is extremely unlikely.

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## COMMUNIST DISSIDENT HINCKER ANALYZES DECLINE OF LEFT

Paris POLITIQUE AUJOURD'HUI in French Jul-Aug 84 pp 2-5

[Article by Francois Hincker: "The Alarm Sounded on 17 June 1984"]

[Text] To assess the results of the European elections in the few days immediately following, while on the one hand there is a flood of interesting political science surveys, superficially presented for the time being, and on the other, the political fallout will not really occur until the time between the moment one writes and the moment one is read, demands the greatest caution. Taking on this impossible task, I will limit myself to submitting to the reader the nature of my questions, as they occurred to me subjectively on 19 and 20 June.

1. Can one detect a common trend in the 10 member nations of the Community? My answer is no, despite the many comments to the contrary. In an election which, except in Italy, was characterized by an abstention rate which was at least twice that in the political elections in each of the countries individually, one can only deem shifts of great scope to be significant. I hope to be forgiven hardly mentioning Ireland (collapse of the Labor Party), with which I am not familiar. Moreover, there was no substantial "swing" except in Great Britain, where the ballots brought the labor movement back to the level normal prior to its surge of leftism, and in France, to which of course I will devote most of my comments.

The most eloquent result to the political mind was the surpassing of the Christian democrats by the communist party in Italy, achieved following an advance of the two protagonists leading the latter back to its historic percentage in the 1976 legislative elections. Then I would note the final establishment of the "Greens" in the political landscape in Germany, and the unexpected strength maintained by the PASOK in Greece. In each case, I see the causes and the consequences as related to the local political clashes and not the rule which says that the people voted against the governments in office because of the crisis. It seems to me that invoking this so-called "law" leads to avoidance of contemplation of the specific aspects of the French situation.

2. On what real data should an assessment of the situation be based? The arithmetical loss by the left wing, apart from any other consideration, is of sufficiently broad scope to need no exaggeration. The fact is that the European elections were immediately preceded by partial municipal elections in

which the political stake was obvious. Where 3 or 6 weeks earlier, the gap between the left wing and the right wing, with 75 percent participation, was between 0 and 5 percent (already reflecting a loss of several points for the left in comparison to before 1981), it increased to between 10 and 25 percent, with 45 to 50 percent participation. The "European" effect, that is to say, indifference, worked against the left wing. And that is where the whole question lies: Why did it have that effect?

But while everything justifies the belief that in legislative or presidential elections held today, the right wing would carry the day, nothing justifies the belief that it would be with this truly extraordinary spread (there is but one other instance in which the left wing did worse: the 1969 presidential election, in which Duclos, Deferre, Rocard and Krivine combined did not win even 35 percent). On the other hand, what would be most interesting to know, in order to assess the importance of the transfers from the left to the right (to wit, what the political background, prior to 1981, of those who voted for Mitterrand on the second round, and who effected this transfer, was--whether they were solely circumstantial supporters from the centrist bloc, or from the formerly socialist nucleus as well) cannot be learned from the surveys, sophisticated though they were, made on 17 June. Finally, the significance of the Le Pen phenomenon cannot be judged on the basis of a single balloting: the Poujade example proves this. The only indication which would be a sure one, and this is worrisome, derives from the urban and inter-class as well as intergenerational nature of the voters for Le Pen on 17 June. It is indeed an overall political vote, and not a sociovocational vote, as the support for Poujade in 1956 very generally was.

3. In this effort to gain a fuller understanding of the 17 June reality, a special question obviously arises: Why did the communist voters, already, let us recall, reduced to what one might consider the hard kernel of the faction in the PCF [French Communist Party], abandon the party? Was it for reasons having to do with the political situation, or was it for much deeper reasons, a rejection of the ideology, the system of the PCF? If the first motivation was correct, was this because the PCF was willing to share power, or because it was at the same time critical?

Since the factual elements are as contradictory as the question, it cannot be answered. Another question pertaining to the communist voters who did not vote for the Marchais slate: What did they do on 17 June? It is clear that some abstained and others voted for the PS [Socialist Party], but it is the distribution between these two attitudes which it would be interesting to establish. On the answer to this question, the future of the left wing depends, in large part. In 1958, the previously communist voters who abandoned the PCF went off in all directions, so that they could no longer be identified or located. It seems that the same has been happening since 1981, and what the PCF has lost has not been won by the PS, except in the single May-June 1981 situation.

#### The Reasons

That having been said, the essential thing remains. What were the reasons for the deterioration of the power of the left wing and the leftist majority

in public opinion? Two contradictory, as well as rather plainly political-economic, answers are available.

According to the first, the PCF, the CERES [Center for (Socialist) Studies, Research and Education], and let us say "the left wing," maintain that the economic policy implemented by the Delors austerity plan strikes at the traditional sociological base of the left wing, which was pushed toward abstention and possibly some confusion which might lead it to do almost anything, including voting for Le Pen. A variation is seen with the Mitterrand supporters in the PS, who cannot allow themselves to criticize the austerity plan to which the president has committed himself, but who transfer the argument about deception elsewhere, for example to the realm of secularity or more specific points (a given project in a given sector). The solution, implicit or explicit, is then a shift of the policy of the regime and the majority farther to the left, and particularly in the economic sector, whatever the price to be paid in terms of the long-term responsibility of the left wing might be.

The second answer, voiced to date basically in the press and in this or that individual's ideological speeches, maintains that the governmental left, and to a still greater extent the party left, is striking at the 1981 recruits in terms of actions and still more in terms of speeches. The solution would then be a break with the old leftist schematics and, on the political level, a more open approach toward the center, with the price to be paid being the abandonment of the PCF-PC union, which in any case would be threatened by the collapse of one of the two partners.

#### A Single Strategy

The two theses may be based on debatable points. The substantial exodus of a part of the traditional leftist electorate does indeed date back to the first austerity plan, but it was also well before that first plan, while we were still in the redistribution and economic growth stage, that the left lost those who had rallied to the cause. Beginning with the partial legislative elections in January 1982 and the cantonal elections in March of that year, the left fell clearly below the 50 percent level and lost the marginal districts won during the state of grace in June of 1981.

The first thesis presumes that another economic policy is possible. Its fragility derives from the fact that this other policy has never really been set forth, as a specific policy, I mean to say. The weakness of the second proposition derives from the fact that an open approach toward the center offers no guarantee. The political right wing is as opposed to the PS as it is anticommunist, and it does not want to share power, with what that would mean on the very specific level of the means of exerting influence on political decisions. Rather it wants to regain power without sharing. Certain political leaders are convinced that the antileftist hysteria which has developed to date, in particular in the Hersant press and in the majority of the areas of sociopolitical influence of the middle class, would lead still more voters into Le Pen's arms.

There is therefore hardly any alternative to continuing along the same strategic path. Personally, I would say so much the better. But this means doing everything which precisely has not been done, and which led to 17 June: a clear and remorseless formulation of this strategy, refusal of any compromise, dealing or semi-accommodation with opposing strategies, agreeing to take up the challenge of rallying ideological and political support for it, and adopting governmental and party practices consistent with this combative approach.

In my view, this strategy exists, but it has been formulated in what I would call a sugary or flabby fashion in the "Mitterrand approach," as the anniversary interview in LIBERATION described it best. It is a strategy for the long run: the institutions, bless them, give the left wing at least 5 years. However, at least double that time is needed for it to acquire the historic legitimacy which is challenged by the right wing, the legitimacy which alone can rally on an enduring basis that part of the population, and it is the vast majority, which is not at all concerned about an established ideology, but which is moving toward the efficient political pole which is the embodiment of the nation.

#### Default of the Left

It is a strategy of compromise. It is evident that, as Berlinguer did in the past, F. Mitterrand believes that one can only govern a country like France in the long run with a 51 percent majority. The left wing must rally again. And to do so, it must spread out, that is to say show that it is governing for a majority which extends well beyond its own initial base. It is an ethical and cultural strategy: in a long period of changes, and not economic alone, the left wing will only triumph if it is capable of contributing to the overall reorganization of the social body in all its dimensions, on foundations which are modern--which is in any case an imperative, whoever is in power--as well as democratic and more egalitarian. These are inherently leftist characteristics, but could be taken on with the passage of time by the vast majority.

There is no doubt that F. Mitterrand, nurtured on republicanism, has in mind the fascinating example of a Third Republic born of an accident analogous to that in 1981, and also frontally attacked by the conservatives of the era, proving successful in a quarter of a century in creating a consensus around it while losing nothing essential of the inherent values which created it.

When the polls indicate that "freedoms" were the issue which led the majority to vote for the right wing on 17 June, and even the motive of the voters for Le Pen, the last straw, this should in my view be interpreted as a failure--let us hope not a definitive one--in the perception of this cultural undertaking. I am persuaded that it is this failure of perception and not rejection of the austerity policy for the economy which explains the constant shrinkage on the left. It is in an established republic that the majorities react as economic discontent or satisfaction dictates. It is in a newborn regime that everyone is on the lookout for reliability. It is on the response it provides to the basic questions, far exceeding the material indices, that it is

judged. Now while the undertaking exists and is in my view "viable," the measures capable of transforming it into a mass value, an attitude, have not functioned since 1981. Meanwhile the right wing, which for its part understood its value very well, has on the contrary pounded away at it. It has won in a way thanks to the default of the left wing, and not on its own merit.

This Mitterrand strategy is not shared (a gentle euphemism) by the PCF, the CERES, or even a part of Mitterrand's supporters themselves, at least insofar as they have party responsibilities within the PS. Each of these elements is developing or suggesting its own approach, contriving to undermine that part of the theoretically dominant strategy which is beginning to take concrete shape. And this has not been without its effect on the government practice, limited to wavering ceaselessly in response to the contradictory pressures being exerted within the very corridors of power. Which deprives it of the clarity and the cutting edge needed to win support in its own ranks and to intimidate the others. Suddenly, any strategy tends to fade away, and economic policy, which is only one aspect of it, but which is for its part perforce concrete, remains alone in the foreground. The left wing is struggling, according to the indices, and to an equal extent is tearing itself apart, while the right wing mounts the battlehorse of the freedoms. This is inevitably an unequal battle. It would seem that the left-wing voters have rejected the left-wing parties. On the other hand, they have followed their lead perfectly in negative conduct. It would appear that the left wing is astounded to see the flag of freedoms snatched from it, but has it devoted to it one-tenth of the energy it put into blowing the trumpets, dissonant withal, of economism?

#### The Demons of Ideology

It is impossible to know the arithmetic scope of the effects of the disastrous secularity issue, but in any case it pushed the suicidal conduct of the left wing to its ridiculous peak. The least refinement in understanding the French reality would lead to a conclusion that this terrain is very slippery. One must therefore avoid it. This was not done. So be it! But then what was needed was clarity, speed and faultless consistency. This has lasted 2 years, and it is not yet finished, with vacillation dictated by the opposing pressures, and with hostility on the part of its own advocates.

If history were to stop today, one would be justified in making this surprising judgment: the left wing has demonstrated its capacity for economic management and is likely to win in the field where one ordinarily predicts its failure. However it has been totally dominated in the political battle as such, where one usually regards it as at home. It seems to be unaware of what the right wing knows very well: in political struggle, the side which knows how to become a pole of attraction wins. When the left wing yields to the ideological demons which lead it to seek always and everywhere for schism at all costs, to stake out "camps," it is obvious that it cannot create such a pole of attraction. If there is one law which is consistently borne out in Western Europe, that is it. The permanence of the strength of the PCI [Italian Communist Party], like the vicissitudes of the labor movement in England, verify it constantly.

I have not thus far made any mention of the political dimensions of the Mitterrand policy as such, that is to say the union of the left. Established on the basis of the joint program and half-destroyed without being totally so after this Mitterrand policy gained the upper hand over the joint program (initial contradiction), it is in any case the requisite expression, both parliamentary and governmental, of a leftist regime. In France it meant that the PS was strong and that the PCF was weaker, but not too weak, a formula which was remarkably successful in May of 1981. Now we see that the PCF element, in this sage scheme, has sunk to too weak a level, and there is no indication, which is the least one can say, that a higher level can be achieved.

Even if the PS were to regain its dizzying June 1981 level (which would be a miracle), given the current PCF level, the left wing would still fall short of a majority. In other words, it has a devilish need to spread out, to polarize, to attract.

5157  
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**TATU EXAMINES CANCELLATION OF HONECKER TRIP**

Paris LE MONDE in French 6 Sep 84 p 4

[Article by Michel Tatu; "The Latest 'Nyet' From Moscow"]

[Text] If the fact that Mr Honecker has abandoned his visit to the GDR is basically the result of Soviet opposition--which is highly likely--then this episode joins the already lengthy list of "nyet's" uttered in recent months by the Kremlin administration: No to the Olympic Games, no to any attempt at compromise in Afghanistan, no to Western pressures concerning Sakharov, no to the requests of the Chinese and to the visit of a first vice president of the Beijing government, no to any dialog with Mr Reagan or to any meeting with the Americans in Vienna on the subject of the demilitarization of space.

We are led to believe that, for the old men presently in power, it is of just such procedures that the act of governing is made, for it would be useless to look elsewhere for the traces of a positive impetus. On the domestic scene, apart from the promise to increase Soviet teachers' salaries, already announced in February as a coming-into-office gift from Mr Chernenko, and again, apart from the ritual lists of decorations and medals awarded, the official bulletins from Moscow were henceforth nothing but a fastidious collection of decrees and other decisions aimed at "tightening the screws" in all areas: strengthening of controls and sanctions concerning contacts with foreigners, international telephone calls and packages coming from abroad, new regulations governing the possession of firearms and the protection of public buildings, the "code of the RSFSR on the violation of administrative regulations," etc.

One might ask, however, if, at least in matters of foreign policy, the "hard-headed among the hard-headed," and in particular Mr Gromyko, are not going a bit too far. Daniel Vernet yesterday mentioned the curious behavior of the Soviet minister of

foreign affairs, who, in the presence of Mr Genscher, interrupted the number-one man of the party, to inform him that any visit he might have been planning to make to Bonn was out of the question. More recently, the timid overture that Mr Chernenko had appeared to be starting to make in his replies to PRAVDA with respect to the link between negotiations on space and negotiations on strategic arms (LE MONDE, 4 September) was promptly rejected by a spokesman for the same Mr Gromyko. No, said Mr Lomeyko Monday, the USSR will not resume the START negotiations (on intercontinental armaments), even in the case of an agreement on space; for that, the US would have to withdraw the missiles that it has been installing in Europe since the end of last year. All of this, let it be said in passing, had never been formulated so explicitly at the time of the "suspension" of the START talks last November: then only the INF dialogs on intermediary weapons had been considered "impossible."

### The Custodian

Similarly, the affair of the aborted Vienna meeting raises the problem of competencies in the Kremlin in the first place, since it was the Soviet administration itself that had publicly proposed this meeting. Here, too, one would have to believe that Mr Gromyko is not necessarily the inspiration behind everything that is going on in Moscow in his domain. He is more realistically the custodian of events.

Is it because these tuggings do not escape the officials of the "brother-parties," shrewd Kremlinologists if ever there were any, that Mr Honecker held off for such a long time before bowing to this latest "nyet" from Moscow? It was first necessary, in any case, to go through a polemic that was certainly veiled and indirect, but a polemic nonetheless quite similar to the one that characterized in its day the beginning of tensions between Russians and Chinese, between the Kremlin and the government of Dubcek in Prague, and transitionally between Moscow and Bucharest. We must believe that, when the shouting at closed sessions is not enough, the only recourse is, as elsewhere, the exchange of public remarks, at the risk of alerting the "class enemy."

Two circumstances lead us to believe, however, that the unrest will not so easily be dispelled: On the one hand, and for once, the country "under pressure" was not the only one willing to defend its own interests against the injunctions of the Kremlin, since Mr Honecker was encouraged behind the scenes by Hungary, Poland and perhaps even Bulgaria. On the other hand, the

spectacle of the physical shortcomings of Mr Chernenko cannot but encourage everyone to believe that what is provisional, by virtue of its staying power, will end up by opening out into something else. After all, it is not a matter of several months, but of a good half-dozen years, since the USSR has passed from slow-downs to deaths, into an era of succession. And when the time of this man, who could very well be the last of the old-timers, comes, no longer will any question concerning the "reforms" that his successor might make even have to be asked; it will be sufficient for him to do anything whatever.

8117

CSO: 3519/514

POLITICAL

FRANCE

WEAPONS, OIL, NAMIBIA THOUGHT TO BE ON ANGOLA-PARIS AGENDA

Paris LIBERATION in French 10 Sep 84 p 22

[Text] For the second time since the election of Francois Mitterrand, Angolan President Jose Eduardo Dos Santos arrives today on a two-day visit to Paris. The Angolan head of state, an elegant petroleum engineer 42 years of age, is accomplishing a tour which has already led him to Egypt, before taking him--after Paris--to Italy and Spain.

During his stay in France, the Marxist-Leninist president of Angola will visit Colombey-les-Deux-Eglises, among other sites, to pause for a moment of reflection at the tomb of General de Gaulle! More practically, besides Francois Mitterrand and Claude Cheysson, he will meet with Economic Minister Pierre Beregovoy, the CNPF [National Council of French Employers] and several large French corporations (Aerospatiale, Thomson and Elf-Aquitaine).

On the agenda, therefore, are the important economic relationships between France and Angola (thanks to the discovery of oil deposits by Elf in particular), but also, it is believed, the purchase of French arms by Luanda. The Angolans, fighting against the fearsome guerilla forces of UNITA, are most particularly interested in purchasing Ecureuil helicopters, having already acquired several Alouettes. Still within the domain of aviation, Paris hopes to sell a number of Airbuses to the Angolan firm TAAG [Angolan Airlines].

On the political side, this round of Western visits by the Angolan president comes at a time when the South Africa-Angola-Namibia negotiations are at a delicate stage. Once again last week Angola and the United States, which still do not have diplomatic relationships, held a high-level meeting: Chester Crocker, the American undersecretary of state for Africa, spoke in Lusaka with Alexandre "Kito" Rodrigues, the Angolan minis-

ter of the interior and the number-one negotiator for Luanda. The disengagement agreement signed last February in Lusaka between Angolans and South Africans, which provided for the definitive departure of the South African troops from Angola, has not yet been fully implemented, and the case for Namibia is more than ever at an impasse. On that subject, the South African authorities have just refused a passport to travel outside of Namibia to SWAPO founder, Herman Toivo Ja Toivo.

Paris rather broadly supports Luanda vis-a-vis the South Africans, and seeks to facilitate a compromise with Washington on the "Cuba question." From that point of view, France is a valuable partner for the Angolans, who still hope to host Francois Mitterrand in Luanda.

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POLITICAL

FRANCE

BRIEFS

ROCARD VISITS NICARACUA--Mr Michel Rocard, the French minister of agriculture, left Mexico City Monday afternoon for Nicaragua, at the conclusion of a working visit of four days to the Mexican capital. In the course of the morning, the minister had been received by Mr Miguel de la Madrid, president of the Mexican republic. Let us recall that on Saturday, in response to questions put to him by the "press club of the third world," the minister of foreign relations, Claude Cheysson, did not conceal the disappointment of the French government relative to the negative evolution of Nicaragua. In particular the minister manifested serious reservations concerning the conditions under which the presidential and legislative elections of 4 November are to be held. [Text] [Paris LE QUOTIDIEN DE PARIS in French 12 Sep 84 p 15] 8117

CSO: 3519/514

**CHAMBER OF DEPUTIES ACTIVITIES PRESAGE EARLY ELECTIONS**

Athens ENA in Greek 6 Sep 84 p 13

[Excerpts] In the Chamber of Deputies they are "smelling" elections even when the government spokesman refutes them and the prime minister confirms that his "intention" is to let the four years run out. People in the Chamber--even the deputies, most of whom want the risk of a new election, especially with a list, never to come--have their own way of "smelling" elections.

If many bills regulating social issues--or "injustices" as they call them--fall together, or simply if the intention to immediately submit other bills for high-minded plans--mainly those concerning rural life--is announced, then people living near the Chamber say "we must be close to elections." And usually they are not mistaken....

The summer section of the Chamber's legislative work, which for years has been known as a "law-producing industry," is now in its third and final month. On the first Monday in October, the fourth and final plenary session will begin.

The government, which initiates legislative work, appears to be hurrying to pass as many bills in the summer section as it can. Before August even ended, the section's sessions were increased by one a week--the intercalary Monday session which occurred after the seven-day break in the first part of August is being repeated on all Mondays--while the intercalary Friday session has become regular since the beginning of summer.

The Chamber's Constitution and Rules and Regulations, which set the hundred-member summer section a special process for current issues, provides for only three sessions each week.

The intensifying of the section's work is not the only phenomenon presaging elections.

It is the "type" of bills which makes the intensification "reek" of elections. A few days ago, the permanent appointment of 90,000 temporary employees in the public sector was voted in total.

Another bill voted by the summer section should begin to be implemented any day. This is the bill replacing the banking criteria for financing handicrafts and

enterprises with EOMMEKh [Hellenic Organization of Medium and Small-Size Enterprises and Handicrafts] decisions; from one of the organizations promoting traditional home industry and handicrafts, EOMMEKh has been turned with this summer law into an all-powerful master of the small and medium-sized handicraft enterprises.

There are, however, some other bills which the government is showing an intention to enact without fail in the remaining days of September.

First, and more important, is the bill on the Security Corps.

And since the Security Corps--even if from tradition--play some role in the elections, people in the Chamber include this in the phenomena which "reek" of imminent elections. Second, and more electoral, is the bill on placards.

Those opposed to the government maintain that this bill "diminishes" its fear that if a new battle of slogans has a victor it will not be the governing party.

But also in other bills they are passing, through amendments, regulations which "reek" of elections. To the law on altering the Civil Procedure Code, an amendment has been added which increases organic positions for judicial employees by 400. In the bill on exploiting geothermal sources, they passed, again in the form of amendments, ordinances regulating issues from exploitation (extension, etc.) of quarries to medicinal springs.

All these, which normally could be measures in implementing a "program," are considered phenomena which "reek" of elections because they are occurring in a hurry and through amendments, and someone is pressing for as many as possible to happen before October.

Just as the change in the ND leadership is making political observers face the possibility of early elections--so ND will not have time to get reorganized--in the Chamber, even if an electoral law is not introduced in the first days of the full session, more and more people are "smelling" elections before the end of the year. And they say that phenomena do not always deceive.

9247

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**IMITOTAKIS ADVISED OF INDISPENSABLE 'MUST-DO'S'**

Athens POLITIKA THEMATA in Greek 7-13 Sep 84 p 18

[Article by Andreas Politakis]

[Excerpts] All together with Konstandinos Mitsotakis, the new president of New Democracy. And most of all, with more intensity, those (like the writer) who during the democratic process for change in the head of the party leadership alined themselves on the side of the other candidate. Because they will have to overcome the reservations which made them not favor Mitsotakis' candidacy.

No one forgets that the object was not (and is not) simply changing the party leadership, but gaining (with the change) power and hindering, with democratic procedures, the catastrophic work of the self-styled "socialist movement." ND is the only solution.

Mitsotakis, within six years of "rule" in this party, succeeded, though coming from another faction, in capturing (democratically) the leadership. It is a very great feat which shows huge dynamism. Now an even greater feat faces him, and he must perform it. For this the ND deputies gave preference to him and elected him their leader. In order to achieve this feat, he will have to regain the confidence of voters coming from the "Center," to the degree this is needed for New Democracy to become a self-powered government. (Confidence should have been regained through time.) Perhaps now the capacity of the leader will act catalytically.

Voters must be recaptured from PASOK. The ones who made it the government. And this will be achieved, in the writer's opinion: first, with a sincere, broad ideologic (and practical) overture to the Center; second, by applying the "meritocracy principle" (this principle will have to begin to be applied systematically in our country sometime); and third, with Mitsotakis' indisputably correct and creative positions and opinions on foreign policy and the economy which will humiliate the PASOK government.

At the same time, however, there will have to be some improvement in the exercising of personal politics.

One of the principal disputes and reservations against Mitsotakis (to exercise a "preliminary" criticism which is the best and most beneficial form of criticism) is that he sanctions "favoritism." He supports, they say, his friends, "whoever they might be," and meritocratic procedures concern him minimally.

Such things (if they are true) will have to be abandoned now. Now, as ND president, he has come through the "anguish" of personal selection. He has no need to widen the circle of his "personal" friends. All who belong to the great faction he has been leading since last week have been since that time his friends.

Now, to gain power, friendship and favors will only damage the party and the cause of deliverance. As will also (in the circle of deputies) any removal of exceptional political people recognized for their abilities for the sake of, for example, the philologist from Mytilini who does not have a strong political ability, or the favored (by certain family members) and "obedient" Zakkhaios Goulimis-Sagredakis. People with imagination and creative abilities, but also the courage to speak their minds, are of use to him now.

And (in the opinion of many of his devoted adherents) he will have to overcome certain weaknesses and disconnect the Politburo (of either the party or, later, the government) from the "family circle." Everyone knows that Kostas Mitsotakis has suffered many blows (several times he was on the edge of the "political precipice") from awkward or improvised or odd maneuvers by this circle--close or wider.

It is also known that certain people in the "circle" are acting repellantly. Papandreou and PASOK will not fall only because of demagogic, inconsistency, inability and destroying the economy and foreign policy. They will fall also because of the regime of shameless and repugnant nepotism which the concept "Kastri" represents. And this concept acts catalytically mainly within PASOK. Not so much in its rivals.

Mitsotakis should not satisfy only the 70 people who voted for him. He should show that the reservations of those who did not vote for him are baseless. This is the most important thing.

9247  
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**NEAR UNANIMITY IN PASOK ON PAPANDREOU ATTACK ON MITSOTAKIS**

Athens TO VIMA in Greek 5 Sep 84 p 3

[Article by Mikhialis K. Dimitriou]

[Excerpts] In its lengthy session on the evening of 3 September in Kastri, the PASOK Executive Office [EG] was busy mapping out a new strategy vis-a-vis the Right. The meeting was presided over by Prime Minister Andreas Papandreou, and the main component was the possibility of drawing off "center-born" and traditional votes given to ND in the Euroelections.

It was a general determination of the EG members that Mitsotakis' election to the ND leadership comprises a combination of pressures, devises and plans by the establishment's "most reactionary circles," the purpose being to personify the contrast to the government and create an "anti-Andreas" leader.

According to EG members' estimates, while Mitsotakis will try to present a "moderate mask" in practice (and in accordance with commitments he has undertaken), he will gradually coalesce around himself all the reactionary political elements and will ignite, mainly through ONNED [Youth Organization of New Democracy] mechanisms, "sidewalk confrontations" to the government and PASOK.

In the lengthy session on 3 September, it was reported that Mitsotakis owes his election, on one hand, to the support of U.S. and West German circles and, on the other, not to factors from the "traditional Greek industry" (such as the SEV [Association of Greek Industrialists] leadership) but representatives of the "middlemen's economic oligarchy" which reportedly grew rich during the time of the dictatorship or from its connections with "middlemen's" international economic circles (shipping, construction, retail).

Based on these facts, the members of the PASOK Executive Office came to the opinion that, aside from his political past--which Prime Minister Papandreou remarked on last Sunday--the new ND leader is presently the "charismatic expresser" of both the foreign factor and large financial interests.

For this reason--as it was discussed on 3 September in Kastri--Mitsotakis is considered a "prisoner of the forces which promoted him," and it is believed that he will not delay in presenting positions on foreign policy issues and the economic sector which will be cloaked in "liberalism" (for example, "denationalization" or "belief in the free market") but will serve the above supporters and interests.

The PASOK Executive Office judged it was precisely this "double and deceitful" effort of Mitsotakis to make both himself and his reactionary political positions appear with "smiling and progressive masks" which necessitated an analogous adjustment of PASOK's and the government's strategy vis-a-vis the succession of G. Rallis and E. Averof.

In the framework of PASOK's and the government's new strategy, all the members of the PASOK Executive Office approved on general lines the viewpoints about Mitsotakis expressed by the prime minister in Salonica, the purpose being--as it was verified--not to bring the country back to the opponency of 1965, but to show the people the "true political mask" of Mitsotakis who, it was believed, tried to present himself, in his radio interview, with an "altered and democratic mask."

In some estimations, the tone of the criticisms against Mitsotakis could have been a "bit gentler," and the effectiveness of the criticisms did not require more than two or three "political acts of Mitsotakis' past."

At any rate, there was general agreement among the EG members that the prime minister's denunciation was absolutely necessary.

9247  
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**NEW SOVIET BOOK ON ICELAND'S FOREIGN, SECURITY POLICIES**

Reykjavik MORGUNBLADID in Icelandic 7 Sep 84 p 3

[Text] A book has recently come out in the Soviet Union, called "Iceland, A Foreign Policy Dilemma" by O.V. Cherstvova. Arnor Hannibalsson describes the book for us in an article in today's MORGUNBLADID. He says that this book makes no secret of the goals that the Soviet Union intends to achieve in Iceland.

Arnor Hannibalsson says that these goals are as follows, according to the book: 1. To dissolve Iceland's connections with NATO, and finally to get Iceland to resign from the organization. 2. To establish a "nuclear free zone" in the Nordic countries, involving Iceland, and with the Soviet Union bearing the responsibility for "no nuclear weapons." 3. To then force Iceland into an agreement with the Soviet Union (the Warsaw Pact) having to do with what they call "collective security" ["kollektivnaja bjesopasnost"].

Arnor Hannibalsson says that the author of the book puts a great deal of emphasis on the fact that the role of the Soviet Union in trading with the smaller European countries is to make them "more politically independent from the more influential Western allied nations." Arnor Hannibalsson's article is located in the centerfold in today's MORGUNBLADID.

9584  
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**DISAPPROVAL EXPRESSED FOR 'EANIST' PARTY CREATION**

Lasting Eanes 'Monarchy'

Lisbon JOVEM REFORMISTA (POVO LIVRE Supplement) 12 Sep 84 pp 5-6

[Article by Antonio Rodrigues: "The New Monarchy"]

[Text] The final quarter of this year will certainly bring us lots of news. Now that we have come to the end of the summer, it is quite clear that not everyone was away on vacation, and the activity reported in July and August causes us to believe that the next few months, in anticipation of 1985, will be full of intense political activity.

Hopeful candidates are moving full steam ahead to establish the bases for institutionalizing a new dynasty: Eanism. The fears that his current room for intervention will be reduced or even eliminated when he ceases to be president of the republic have quickly led them to try to create something that will keep them in the political limelight.

The year 1985 is the year of presidential elections and elections for local governments, and they will be decisive in the evolution of our political and party system.

As a matter of fact, future creation of a new political party, having as a backdrop the personality of the current president of the republic, is a virtual certainty. After all the attempts (so far abortive) throughout recent years since the first crisis of our young constitutional democracy (with the fall of the first constitutional government in 1978), behold there emerges, surrounded by great expectations, the early star of the organization, who, according to his promoters, is the only one that represents the "real nation."

Undoubtedly emergence of this party--to which the current president has given his support--will alter our political and party panorama.

More than any constitutional revision, the new party will transform our political spectrum and the behavior of our institutions.

The Portuguese Constitution, like other constitutions, has sufficient malleability to function within various governmental arrangements. This is why the 1985

presidential elections, more than designating a new president, could bring changes to our political system, thus assuming enormous political importance.

It has been said and resaid that the 1985 presidential elections are fundamental for our political system. Because democracy has become stabilized, because civilian candidates could emerge chosen by the parties and--whether civilian or not--they can be transformed in their struggles, because the potential for evolution of our system of government has not yet been thoroughly explored.

But, although constitutional rules may suffer from a certain flexibility, and despite the constitutional revision of 1982, analysis of our political system leads us to conclude that the strategy of Sa Carneiro and the AD [Democratic Alliance] followed in 1979 and 1980 is still extremely current.

"One majority, one government, one president" and the struggle against General Eanes were its principal points. These are the two variables to be considered in analyzing the future evolution of our system.

The fact that the president of the republic belongs to a party and has a strong personality is extraordinarily important in assuming effective leadership of the political process, in the likeness of what occurred in France with Pompidou and especially with De Gaulle.

A new "Gaullism" seems to be exactly what is intended to be installed in Portugal, with creation of a supposedly presidential party which already has the agreement of the president of the republic himself.

But what this party will be, what its objectives, its ideological basis and its position in the political spectrum will be, all this is still unknown.

Allegedly a "movement of the provinces," as they call it, in the "area of social democracy," as they wish to designate it, this future organization intends to capitalize on the popularity of Gen Ramalho Eanes to become established at the national level, based upon the former structures that permitted reelection of the president in 1980 (the former members of CNARPE [National Committee to Support Reelection of President Eanes]).

It is attributed a capacity for unification of the national-front type, sheltering the ASDI [Independent Social Democratic Action], UEDS, MAD [Movement for Study of Democracy] and personalities without a party, but who would always like to participate in politics--notably some military men who were in the front ranks of our revolutionary process, such as Melo Antunes, Vitor Alves and others.

#### Bottomless Sack?

The news releases of this future party, which cleverly have been divulged by some agencies of the media, have three decisive features:

- a) The provinces as a base;
- b) Its positioning in the area of social democracy;
- c) The curious attempt to put distance between itself and the Communist Party.

Under the guise of a provincial base the promoters of this movement hope to attract a segment of the population that is dissatisfied with the current class of politicians and, supported by the popularity of the president of the republic, garner adherents there. What now remains is to find out the reasons for that popularity of Gen Ramalho Eanes.

First: tradition. The position of chief of state, as the highest in the national hierarchy, has always been one that the people traditionally venerate. If we look back, how many persons we see gathered along the highways, just to applaud the president of the republic, whether it be the 24th of April or the 26th.

Second: remoteness. Within the terms of the constitution, the president has no governmental responsibilities. That being so, the president of the republic may, assuming important political functions, exercise his mandate--as he has for 8 years--without suffering erosion of power, since he as such is not held responsible for the nation's administration, be it good or bad.

Third: political reasons. Resulting directly from the previous reason, the political struggle develops between the parties and does not encompass the president, although he continues his constant political activity, but above and beyond the parties. The media supporting any particular faction direct their attacks at party figures, but not at the president of the republic. The position of president of the republic, in political terms, is very convenient, permitting him to criticize without having to assume the responsibility of acting.

These are the basic reasons for the popularity of the president, in the likeness of which some would like to create a new party.

A new party that would like to claim a position in the area of social democracy.

Although without, as yet, defined ideological content, which cannot help but be curious, as adherence to this movement is made in terms of persons and not in terms of a platform, as the latter is nonexistent, which we find somewhat strange. After all, it appears that the definition of this party is made as a function of what statistically the people want; in other words, first they are asked and only later do they reply, which, for that matter, is not surprising, if we take a look at who the possible leaders of this party will be, who, by their aloofness thus far, lead us to conclude that this "national front" is nothing more than a bottomless sack that will hold anyone who is not satisfied with where he is at the moment.

One of the efforts that the promoters of this movement have made is assertion of aloofness from the Communist Party. The latter applauds its emergence--on the basis of divide and conquer--as it knows that the electorate reached will not be its own. But, curiously, the supporters of the future party--at least those who have so far made themselves known--have navigated quite close to its waters, which once again causes wonderment.

#### Limelight

The great unknown is what motives led to the emergence of the so-called presidential (or Eanist) party at this time.

This question is all the more worth asking in that the ideological area this organization claims and supposedly intends to encompass is already overcrowded. This leads us to inquire into the reasons that make "the president's men" run.

As we see it, the essential reason is undoubtedly maintenance of Gen Ramalho Eanes --patron of the organization--in the political spotlight at the same time that many citizens are "employed" who otherwise would dissolve into the shadows or slip distressingly into the depths of oblivion when the president leaves office.

It is known, of course, that the constitution does not permit Gen Eanes to be re-elected for the next 5 years. But it is legitimate to think about his candidacy in 1990. And it is this land that apparently is about to begin being cleared.

The big objective is to keep Gen Ramalho Eanes in the forefront of Portuguese politics during the course of the constitutional impediment to his reelection in such a way as to be elected in 1990 and even in 1995. In other words, we have a president until the 21st century.

If this scenario were to be fulfilled, we would have in Portugal establishment of a new monarchy, with the curiosity of our living under a republican form of government. We would have a president who would "reign" at his good pleasure, would govern with indirect support in the government, and through his party would control the state apparatus and, just as monarchs have a hereditary line of succession, here the president would choose his "legitimate successor." With 9 years of mandate almost completed and 10 more in prospect, we would have a president in power longer than many monarchs in this world.

Simultaneously, the promoters of the new party attain their objectives--some, to remain in politics, preventing their immediate oblivion; others, to reach the ladder of power and thus rise rapidly.

Thus, the new party is born in the likeness of the president and will exist at his expense. It remains to be seen how long a party can manage to survive in the shadow of one man's popularity, and without a political platform. If indeed such a platform does exist, then we are witness to mere opportunism of a group that has just now discovered its existence and is taking advantage of an image to establish itself and survive.

#### Elections in 1985

Let us return anew to the importance of the elections for president and for local offices next year. For implementation of the party it is necessary to have candidates in local elections, and this is the reason for "wooing" so many localities and why so many visits have been made throughout the country. The presidential elections now have a different significance, because they will be decisive for the new party to assert itself in the political spectrum, necessitating that it put forward a candidate--who will clearly have the support of the president--for Belem, keeping the seat warm until the next presidential election.

For this reason, the new party must take over the political ground of the PS [Socialist Party]; to do this, in turn, the Eanist party cannot let Mario Soares be elected president of the republic.

## Role of PSD

The supporters of General Eanes know that the PSD [Social Democratic Party] has a strong national establishment, in terms of membership and as local officeholders. And they know that they must encroach upon the position of the social democrats, reducing their political scope and attracting their members.

Faced with the fact that the PSD has not yet chosen a presidential candidate and that it might--tactically, at least--end up supporting Soares, the Eanists feel it is imperative to push the PSD to the right and divide it, so that the candidate chosen by Eanes does not have to face a strong PSD candidate.

For the PSD, the alternative is to choose a candidate capable of drawing votes from the CDS [Social Democratic Center Party] and even the PS, since the candidacy of Soares seems increasingly remote.

We have yet to learn who the future candidate of the party will be (and who will be the prime minister) and especially what its policy of alliances will be, as it is not credible that it will be a majority party and, in seeking supporters from all the parties of the democratic area--excluding of course the PCP [Portuguese Communist Party]--this may be the most effective way for the latter to come to power. It is not by chance that Alvaro Cunhal applauds the emergence of the presidential party, whose promoters, although withdrawing from the PCP's area of influence, have not been hostile to it.

The coming months will be full of events that will clarify many of the questions now being raised. With all this activity the pawns of our political chess game will be put in check. Some, perhaps, may die. Other will be promoted to queens. The big question that remains unanswered is who has the winning king.

## PSD Issues Warning

Lisbon POVO LIVRE in Portuguese 12 Sep 84 p 1

[Statement issued by the Permanent Commission of the District Political Commission of the Porto PSD, in Porto on 5 September 1984]

[Text] There has been persistent talk about the appearance of a new political party in Portugal.

In a democracy there is a place for any and all political parties, even for those that are against democracy itself. For that reason, a new party should be welcome if it is in favor of democracy. Democrats will not fail to greet it. But when a new party appears on the political horizon the people must be honestly and sincerely informed about what this party is and what it proposes.

Now, the new party about which there has been such persistent talk is the so-called Eanist party, with the backing of the ex-CNARPE. The latter has told the public that it will be a social-democratic party and a grass-roots party of the rank and file.

That is not the truth. There was nothing either honest or sincere in the information given the public about the nature of the new party's intentions; judging by those who sponsor its creation, it will be far from social-democratic and of the grass roots.

It will be founded on the basis of a personality and will function on that basis. It will thus be a party of a personality and not a party of the people.

It will be positioned between the Socialist Party and the Communist Party, in practice fulfilling the interests of latter, and will be the institutional extension of the MFA and the defunct Council of the Revolution.

It will be constituted, in terms of its leaders, by those who were Francisco Sa Carneiro's greatest enemies.

It will seek to capitalize on the discontent of the people, resulting from the aftereffects of the economic crisis, just as did Hitler and Mussolini in the past, to come to power.

It is thus important that the Portuguese people be aware of the reality that seems to be approaching and not let themselves be fooled or used. The truth must be recognized and made known.

Porto, 5 September 1984

The Permanent Commission of the District Political Commission of the Porto PSD.

No 'Eanist Party, Project'

Lisbon TEMPO in Portuguese 13 Sep 84 p 8

[Interview with Alfredo Barroso, member of the National Committee and the Political Committee of the Socialist Party, by Jorge Nuno Oliveira: "New Eanist Party Is In Search of the 'Temple of Doom"'; date and place of interview not given]

[Excerpts] "Belem Palace runs the risk of becoming, in these last months of the mandate of the current president of the republic, the 'Temple of Doom' of many unsatisfied ambitions. And it seems to me very unlikely that all these ambitions will meet a 'savior' with the likeness of Indiana Jones."

The assertion is made by Alfredo Barroso, member of the National Committee and of the Policy Committee of the Socialist Party. The reference is to creation of a new political party inspired in the likeness of General Eanes.

In an exclusive interview with TEMPO, here are the arguments of Alfredo Barroso about a topic that, more than any other, pre-occupies Portuguese politics.

All Adjectives Permitted...

TEMPO: What alterations do you think creation of an "Eanist Party" could bring about in the current political structure and, above all, what repercussions could it have among the members and electorate of the Socialist Party?

Alfredo Barroso: That is a question to which I neither can nor know how to respond, because, frankly, I feel that the first thing that can be said of the "Eanist project" is that it does not exist. Not only does the "Eanist party" not exist, but the "Eanist project" itself, to begin with, does not exist... To use the expression used by Claude Polin in regard to Peronism, in his book about "Totalitarianism," I should say that the inappropriately called "Eanist project" is nothing more than an extremely heteroclite mixture, without great doctrinal content, that would conform to almost any adjective that would come into one's head. Only in that way can it be understood that a man who is clearly assumed to be of the far right, Mr Manuel Maria Murias, asserts that "what Eanes is interested in, just as is Melo Antunes, is the votes of the right," and that, at the same time, Dr Alvaro Cunhal immediately asserts that any new party "cannot get along without the action, the contribution, the participation of the Portuguese Communist Party."

TEMPO: The truth is that there are persons who claim to have an "Eanist project" and assert themselves to be ready to advance toward forming a new party.

Alfredo Barroso: Of course there are, but no one in this country can tell today, with certainty, who these people are, what they are and what they want. It is legitimate to ask: who, after all, is the behind-the-scenes leader of the inappropriately called "Eanist movement"? The so-called politico-military united behind Lt Col Melo Antunes and his sudden conversion--as surprising as it is unexpected--to social democracy? Those quaint citizens whom I would call the "pickax intellectuals," united behind engineer Maria de Lurdes Pintasilgo, engaged in digging deeply into democracy, in getting to the bottom of it with more or less esoteric, more or less mystic strokes of meditation? The so-called anonyms of the provinces, impelled by a sentiment as artificially ridiculous as it is dangerously xenophobic in relation to the so-called city politicians? The candidates and dissidents of the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission] and other "fellow-travelers" of Dr Alvaro Cunhal, to say nothing of the "useful innocents" which Lenin referred to as indispensable instruments to lend a mask of respectability, impartiality, nonpartisanship and ambiguity to occult movements, though the latter may have well-defined contours? The deserters or disillusioned from other parties or the unemployed politicians from all corners of the ideological spectrum--of before and after 25 April--who wish to revive personal ambitions in the shadow of Belem Palace?

TEMPO: But don't you think that the personage of General Eanes could constitute sufficient cement to give substance to the party being formed?

Alfredo Barroso: I'll answer that by making a distinction that to me seems indispensable to take into due account: General Eanes cannot be confused with Belem Palace. It is one thing for General Eanes to legitimately occupy Belem Palace in the office of president of the republic to which he was elected; General Eanes outside of Belem Palace, after having ended, or having decided to end, his mandate is something else.

Central Bloc Pure Fiction

TEMPO: Do you think General Eanes may resign from office before his term expires?

Alfredo Barroso: It is a possibility that the constitution provides for, but I don't know whether General Eanes himself is thinking of it. I think that if he were to do so it would only reinforce the conviction of those who think that the current president of the republic is really betting on creating conditions for a growing political instability at a critical moment when the nation needs stability to overcome the crisis. And the truth is that, despite the difficult times the nation unquestionably is experiencing, never since 1974 has it been as possible as it is now to create the conditions for such stability--so sorely needed--through the PS/PSD coalition.

TEMPO: Do you believe in the "central bloc"?

Alfredo Barroso: The expression "central bloc" is pure fiction, which suits the adversaries of the current parliamentary majority and the current government. What effectively exists is a coalition between two parties with indisputable political, ideological and programmatic affinities and no less indisputable socio-logical, historical and organizational differences that preserve their own identity and guarantee each other's autonomy.

Neither the homilies of the Bishop of Braganca, nor the "homilies" of Dr. Alvaro Cunhal, nor the eternal recurrence of the inappropriately called "Eanist project" is likely to disrupt the effort in which the PS and the PSD are engaged for the purpose of applying more adequate solutions to overcome the crisis the nation is facing.

'Eanist Project' Totalitarian Threat

TEMPO: Doesn't "Eanism" have a future?

Alfredo Barroso: What I think is precisely what Augustina Bessa Luis wrote a few days ago in the O PRIMEIRO DE JANEIRO newspaper, in an outstanding article entitled "Another Party Is Not Necessary."

I am not, and never was, a Marxist. I am in favor of cultural freedom, pluralism of ideas and representative democracy. I fight against all political movements and theories with a hegemonic inclination. I am against all types of totalitarianism. And that is a risk of the inappropriately called "Eanist project," no matter how much it tries to cover itself with the diaphanous mantle of social democracy.

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**CUNHAL SPEECH AT 'AVANTE' CELEBRATION POINTS TO PCP POLICY****PCP Bet on 'Eanist' Party**

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Sep 84 p 2

[Excerpts] The AVANTE festival is a ritual, for the holding of which the best of the PCP [Portuguese Communist Party] organization is mobilized; one which serves primarily as a pretext for demonstrating the party's strength as a propaganda event, as a source of fund collection and, finally, as an opportunity for Alvaro Cunhal to devise the strategy lines that the Communists will follow during the following months.

**The 'Festival' Speech**

Alvaro Cunhal's speech at the "festival" this time was longer, and perhaps less easy to assimilate for those attending this type of function, who are more receptive to emotional appeal than to elaborate political theories.

Dominant themes may be demarcated in Cunhal's lengthy address: the ouster of the government, the creation of new parties and Mario Soares' candidacy for the presidency. There are obvious connections between these topics.

In upholding the need to "concentrate efforts and energy so as to ensure the government's removal as quickly as possible," Cunhal said nothing new, and confined himself to repeating, without any changes, the message that other governments have already heard. According to the PCP, no government is of any use unless it has the party's participation, nor will it be "democratic" until it includes Communist ministers.

A government of national salvation is the formula which has been advocated on various occasions by the PCP, with the leftist majority with PS [Socialist Party] failed, and which in this context would be the only one that would allow the Communists access to the Sao Bento cabinet. For a long time there has been evident in the remarks of the PCP top-ranking leader a clearcut desire to have the party return to the area of power, at whatever price and whoever the allies may be.

In a government of national salvation system, PCP would like to be "inside," represented by its members or by "independents" who would be loyal to it, but

not as a party. It is a time of crisis, and hence any involvement must be considered judiciously.

With this government, early legislative elections would be planned (another PCP proposal), in which the "Eanist" new party which, based on the latest indications, will hold its national convention in October, could run.

And the "new party" is one of PCP's major bets, having cherished that possibility persistently since at least 1982. At the "festival," Alvaro Cunhal devoted considerable commentary to it, taking pains to recall that any new party "will not preclude the need for the action, intervention and contribution of the Portuguese Communist Party."

The warning from the PCP secretary general is understandable. To Cunhal, a "new party," particularly one headed by Eanes, overtly, or by an intermediate person, is a possibility for a radical upset in the present party situation, wherein the Communists admit they are doomed to a prolonged stay as the opposition. In this connection it should be noted how the PCP, at the outset, rejected the hypothesis of that party's being based on the structure of the MAD [Movement for the Study of Democracy], headed by Lurdes Pintasilgo. In February of this year, Octavio Pato remarked that MAD was a group "with an overly leftist-oriented quality," lacking "the minimal conditions for filling that void" (which the Communists find in the present gamut of parties).

By this aloofness, PCP wants to show that MAD can only be an obstacle to the formation of the "new party," which it thinks will split up PS and, if possible, PSD [Social Democratic Party] as well. And that "new party" cannot be based upon Lurdes Pintasilgo's facile populism, but rather must have different inventors approved by PCP that are more enduring.

By way of caution, it has, however, given notice that this "new party," if it is formed, will necessarily have a "contribution" from PCP. In this instance, the transparency is total.

The third point underscored in Cunhal's speech was aimed at Mario Soares. It is known that the possible candidacy of the Socialist leader for president of the republic has aroused PCP's direct hostility. Hence, the concern for "binding" Soares to the right, citing him as its almost "natural" candidate, has been a constant in the public remarks of Communist leaders.

Mario Soares' election to Belem would have a disastrous effect on the entire strategy that has been developed by PCP; on the one hand, because he was a "personal" adversary of Alvaro Cunhal who attained the supreme executive post, and this would be traumatizing for the Communist leader; and on the other, because PCP would have to reconsider the silent, non-critical, if not discreetly supportive conduct that it has engaged in toward the president of the republic as an organ of sovereignty, even explaining it by citing the need to ensure its stability (Cunhal has already said this).

With Mario Soares in Belem and a Socialist Party reinvigorated in the government by that victory, even if the "new party" were to be formed, this would not bring PCP the advantages of which it has dreamed.

Hence, PCP will have to make it difficult for Soares to attain that goal, using all means. To accomplish this, its timing requires early legislative elections before the presidential elections, and that the "new party" be prepared on that occasion to contest them on an equal footing with the established parties.

#### PCP Survival Requires 'Ally'

Lisbon EXPRESSO in Portuguese 15 Sep 84 pp 16-17-R

##### [Excerpts] What Makes the Communists Run

It is, of course, the advent of the Eanist movement headed by Herminio Martinho that has enabled Alvaro Cunhal to consider the conditions for a new electoral consultation "ripe." One need only taking literally the assertion reiterated by the new Eanist leader to the effect that there will be no new legislative elections in Portugal unless the new party takes part in them. But not just any party suffices for him.

The systematic attachment that PCP has been keeping to any embryo of a movement or party with Eanist features has already prompted some political observers to think and say that Cunhal was the main obstacle to its establishment. However, the question can be interpreted differently, more in keeping with the PCP's real status in Portugal today. To the Communists, finding an "ally" on the national political scene, rather than a fundamental goal for the attainment of power, is a matter of survival which, as one of its highest-ranking leaders told us, even deserves a handful of lost votes. In other words, or what use is the 20 percent of the voters that PCP obtains in virtually all elections if they are only allowed to "inconvenience" the parliamentary activity and to agitate the nationalized sector of the Portuguese economy with strikes. What is the difference between 30 and 40 deputies (other than making it possible to claim that PCP is greater than CDS), if they do not count to constitute a majority, not even sufficing to defeat governments? They would be even less useful for preventing the adoption of measures that would progressively jeopardize the "conquests" that have enabled PCP to maintain a relatively stable area of mobilization (from the public enterprises in which, up until now, it has been possible to demand and obtain, to an agrarian reform increasingly stifled at levels that are difficult to support economically, and including Armed Forces undergoing an accelerated process of "normalization").

Without Our Votes....

Hence, PCP urgently needs an "ally."

It has not ceased to attempt, nor has it spared any methods of pressure on the new party being formed, not hesitating to brandish them even before it has been formally established.

Cunhal warns those who think that PCP, "because it has no chance of taking a Communist candidate to Belem with its votes, will be forced to vote for the democratic candidate who shows up, even at the last minute." Its secretary general claims that they are deceiving themselves completely, because the opposite likewise holds true: A "democratic" candidate (read Eanist) will not be able to defeat the "reactionary candidates" (read Mario Soares) without PCP's votes. Then he concludes that it is essential that there be, "if not an explicit agreement, at least a verified consensus."

In other words, Cunhal is telling the Eanists that they will have to pay a price for the election of their candidate. (However, it has been learned behind the scenes that the Communists would be very pleased to see the selection of an official identified with 25 April and the current president of the republic, because they consider it important as a guarantee of stability for the Armed Forces to remain represented at the top echelon of the state organization.)

In December 1983, at the time of the party's 10th Congress, the Communists' refusal to back Soares for Belem made the newspaper headlines. In January of the same year, Cunhal had publicly declared that his party would never support Mota Amaral; debunking those who, perhaps more papist than the pope, were beginning to put forth the idea that, when the choice was between an honest Social Democrat (Mota Amaral) and another who was dishonest (Soares), the former was more worthwhile.

Shortly thereafter, it was Maria de Lurdes Pintasilgo's turn to be scrapped. Last March, when the polls were launching her strongly, the PCP Central Committee told anyone willing to listen that it was still too soon to be hastily launching candidates for the 1985 presidential elections. There were (it explained) "doubts" as to whether the former prime minister could succeed in gaining the necessary votes to "defeat the reactionary candidates." In other words, Lurdes Pintasilgo was too much of the left for the purposes sought.

Nevertheless, in his speech last Sunday, Alvaro Cunhal did not predict the profile of a future presidential candidate to be backed by PCP. But he did say something substantial about the way in which the Communists think that the 1985 election battle should be confronted. Cunhal stated, in black and white, that the victory of a "democratic" candidate should not be expected to put an end to the coalition; rather, this government should be dismissed to pave the way for the victory in next year's presidential elections.

Whereas, a short time ago, the enemy was the PS/PSD coalition and government (it was still, in the speech delivered by Cunhal in 1983), now it is called merely the Soares/Mota Pinto government. Whereas, until quite recently, it was the democrats and real Socialists dissatisfied with the right wing policy of Mario Soares that PCP proposed to receive in its arms, this time, at Alto da Djuda [where the AVANTE celebration took place], Cunhal sounded out the disgruntled Social Democratic Party members who must certainly have shown up

at the AVANTE festival. Whereas, previously, the Communist leader wanted a new party to be established as a wedge between PCP and PS, now he is capable of saying that it is socialism and social democracy that have no political partisan voice in Portugal.

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## PCP'S INGLES INTERVIEWED ON PARTY'S NATURE, BELIEFS

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Sep 84 p 2

[Interview with Carlos Aboim Ingles, of the Central Committee of the Portuguese Communist Party [PCP], by Helena Sanches Osorio: "Give Us the Right to Be Different"; date and place of interview not given]

[Excerpts] Defense of the individual, with his "differences," his "contradictions," his "diverse cultural levels." Advocacy of imaginative solutions for the nation's problems. Surprising? No. But it is not an interview with any of the politicians who lay claim to personalist ideologies, but rather Carlos Aboim Ingles, of the Central Committee of the Communist Party, about whom it is said that he may some day replace Alvaro Cunhal. For what reason, for what purpose and for whom is this message of such a different flavor? Why not a lesson for one who fills his language with dollar signs and catastrophic predictions? In any event, let us not forget that Aboim Ingles directs his speech to the intellectuals and in this field, in fact, all the intelligence in the world is not enough to gain adherents.

DIARIO DE NOTICIAS: There is a widespread feeling that the Communist Party will not be able to grow beyond its present size. But there is also the feeling that the Communist Party itself knows this. Could this be so?

ABOIM INGLES: By no means do we have such an idea; in fact, quite the opposite. We are going to grow more and we are working toward this. Even in the short run. And this is no idle fantasy. We have grown and we continue to grow. Of course, it can be said that the rate of growth is less than in other periods. But what is astonishing is that, after 9 years of successive governments of the Right, of a policy contrary to and prejudicial to the interests we advocate, we continue to grow.

DIARIO DE NOTICIAS: Why is that so astonishing? During a period of deteriorating politics, aren't ideal conditions created for growth of the PCP?

ABOIM INGLES: It is clear that a policy such as this makes large masses of people discontent and prompts many of those affected to decide to try to change this situation. But it also leads others to search for individual solutions and

and small-group solutions, of "every man for himself." So it is a contradictory situation, as of course we are well aware. And as the capitalists are aware also...

DIARIO DE NOTICIAS: What does a situation of this nature mean for the benefit of the Communist Party?

ABOIM INGLES: There are favorable factors and there are unfavorable factors.

DIARIO DE NOTICIAS: Then isn't a period of rapid growth possible?

ABOIM INGLES: Rapid growth may not be possible, but there continues to be growth. And we think we are not sufficiently utilizing the conditions to grow more, as is necessary. For this very reason we have launched a recruiting campaign that, by the way it is going, will reach the end of the year with success. Don't forget, we already have over 200,000 party members.

DIARIO DE NOTICIAS: Doesn't this make the PCP an excessively heavy machine?

ABOIM INGLES: The bigger the ship, the bigger the storm. This is one of the problems we have. When a party is small, it makes an effort and grows; the arrangements that were used before become insufficient for steering a larger "ship" and its procedures must be modified. We have these problems today and we have always had them, to the degree that we are going to grow more and will have to improve our internal operation to keep up with the growth of the "ship." But this is a sign of vitality!

'We Prize Imagination Highly'

DIARIO DE NOTICIAS: There is something quite apparent about the PCP and I would like you to tell me the reason. It is a very weighty party and one with a notorious lack of imagination.

ABOIM INGLES: If you are speaking of "not much" imagination in relative terms, I agree with you entirely, but we value imagination very highly and feel that more and more imagination is necessary...

DIARIO DE NOTICIAS: Well then, where are we? Does the Communist Party have imagination or doesn't it?

ABOIM INGLES: Of course we think we have imagination, because we have had to imagine the best ways to solve complex situations and announce them honestly.

DIARIO DE NOTICIAS: You once said, in an interview with the DIARIO DE NOTICIAS, that the success of the AD [Democratic Alliance] was in their plans for change. Does the Communist Party have any stimulating plans for change?

ABOIM INGLES: Well, we have a published program, all thought-out and prepared, and enthusiastically...

DIARIO DE NOTICIAS: Enthusiastically?

ABOIM INGLES: Are you referring to the immediate specific situation? Well, first, our country does not live in the heavens; it exists in a world that right now --without going into it very deeply--is passing through a period of severe international tensions that is favorable neither to our country nor to any other. Clearly, this acute international situation doesn't make it very easy to bring about change in Portugal...

'Necessary to Invest'

DIARIO DE NOTICIAS: That's what Mario Soares says every day.

ABOIM INGLES: But he says this for other reasons. He would like this to go on forever, so he can turn back the clock. But coming back to the change needed in our country, the international crisis doesn't help any and we have to take this into consideration. Change is not only possible now, it is absolutely necessary. Because the policy that has been followed in our country, and of which Mario Soares is today the main spokesman, tries to put into people's heads the idea that "there are no other solutions." We think exactly the opposite. Moreover, this policy that Mario Soares advocates for Portugal is not what other socialists, and even conservatives, are advocating for their countries, with results that are not as disastrous as those occurring here.

DIARIO DE NOTICIAS: Then what is the solution advocated by the PCP?

ABOIM INGLES: Whereas Mario Soares says that, given the economic situation, it is necessary to restrict this and that, to cut investments--cut, cut, cut--we say exactly the opposite. What is necessary is to invest, invest, invest--produce, produce, produce, nationally. It is clear that Mario Soares supports foreign interests and we support exactly the opposite.

There are people today that say it is an illusion today to advocate "autonomy." But who is it that advocates autonomy, isolation?

DIARIO DE NOTICIAS: Do you think it is possible to close all economic borders?

ABOIM INGLES: Of course not. Only a lunatic would advocate something like that. Where does Robinson Crusoe's island exist today? Clearly there is interdependence between states, between nations. Now, interdependence is one thing and increasing dependence is another, and it is the latter we are slipping into. We may be even more dependent today than we were on 24 April 1974, as a result of the policy that has now been followed for about 8 years.

DIARIO DE NOTICIAS: Sometimes I get the feeling that between the Socialist Party --or to be more precise, between the Communist Party and Mario Soares, there were wars long before 25 April, transformed now into personal animosity...

ABOIM INGLES: First of all, let's not confuse Mario Soares with the Socialist Party; second, let's not confuse the current leadership of the PS [Socialist Party] with all the leaders of the Socialist Party; third, let's not confuse the leadership of the PS with the Socialist Party; fourth, let's not confuse the Socialist Party with the socialists.

Moreover, the Socialist Party as it exists today, with the leadership of Mario Soares and following the current policy, is not what existed 9 years ago. And he has the gall to say that in 1975 he had to speak in a certain manner because if he did not he would not have been heard; and today he is speaking in an entirely opposite way and more in keeping with his thinking!

DIARIO DE NOTICIAS: It has frequently been said recently that the PCP prefers to support a military candidate for president of the republic and there has been no denial of this from your party. Is it true?

ABOIM INGLES: We do not consider it a pressing problem to discuss and resolve. What is urgent and immediate is to get rid of this government and put an end to its disastrous policy. But we don't make any distinction between civilians and military; they're all Portuguese citizens with a right to aspire to be president of the republic. What is important is not whether he is a civilian or military, but rather his characteristics of honesty, of democratic guarantees, his sense of the national interests and his support of these, his capacity to encompass and gather the support of a large range of social and political forces favorable to the renewal in the nation's life that we support. This is what is of prime importance; whether he is civilian or military is secondary.

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**MOTA PINTO'S DILEMMA: PRESIDENTIAL STRATEGY**

Lisbon A TARDE in Portuguese 13 Sep 84 p 6

[Excerpts] It is a week before another one of the national council meetings with which PSD from time to time attracts the attention of those who are still interested in political affairs.

Not only because of the position that he holds, but also owing to the activity that he has been pursuing, Mota Pinto, chairman of his party's political commission and vice-prime minister, will be the center of attention again.

In fact, the leading official of the Social Democrats is starting to see the time coming when he will have to resolve some dilemmas that he surely must not fail to consider facing him at present, despite his apparent indifference to certain types of problems.

In the first place, he must decide whether or not to keep his promise, made at the national council meeting last June, whereby he guaranteed that he would give up his government office in the event that certain measures were not actually implemented within a maximum period of 2 months.

Hence, Mota Pinto is faced with the dilemma of whether or not to keep his word. We shall see how he resolves it.

A second, deepseated dilemma is associated with the option to be taken on the presidential strategy.

In the long run, there are only two alternatives: to elect a candidate with the PS [Socialist Party] or with the CDS [Social Democratic Center Party]; which is actually translated into a choice between remaining in the central bloc or resuming an alliance with the centrists.

The problem has always been there, and perhaps Mota Pinto did not understand it in time: It is that, since the PSD is a party which vigorously upheld the proposition of "one majority, one government, one president," the necessary coherence requires the selection of a candidate in convergence with the governing partner on every occasion (this is because it is known that the "teams" that have occurred with few changes in the Social Democratic leadership

during recent times have an endemic allergy to being on the opposition side). Now if this is so, and if Soares' candidacy for Belem is axiomatic, Mota Pinto will have to decide quickly whether or not to remain with the government solution that he considered the only recourse for national salvation.

And it should not be claimed now that the problem is that of the two minority "sensitivities." It is that, too, but not primarily.

Mota Pinto is the one who asked for and who has the majority. Mota Pinto (with others as well) is the one who wants to join this government; and, as the official, he must consider the consequences of what he says, what he does, what he chooses and what he promises.

All of us are agents in the process, but we are all waiting for the statements and the positions that Carlos da Mota Pinto will disclose to the country on 22 and 23 September, in the historic city of Porto.

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**RUMORS ON FIRMINO MIGUEL'S FUTURE PRESAGE MILITARY'S RETURN**

Lisbon DIARIO DE NOTICIAS in Portuguese 8 Sep 84 p 2

[Article by Dinis de Abreu in the column "Political Notes". "The 'Return' of the Military and the Availability of Firmino Miguel"]

[Excerpt] Another reappearance has attracted the attention of observers, since the weekly O PAIS made it a front-page headline--that of Firmino Miguel.

Considered at one time a "Spinolist," an epithet he denies ("I never found out what it means to be politically and ideologically a Spinolist"), Gen Firmino Miguel was minister of defense in the provisional governments, with Palma Carlo and Vasco Goncalves, and later held the same post in the first government led by Mario Soares, after a long "sojourn in the desert." Oscillating between holding key positions and returning to obscurity, Firmino Miguel was a member of the political committee for the first candidacy of Eanes for president without, however, being known as an "Eanist." ("I was his instructor and I feel much friendship and respect for him," he would say.)

He would admit, however, in October 1976, to being an admirer of Mario Soares: "I believe that the current prime minister is the person most able to unite the efforts of all the Portuguese people so we can really get out of this crisis we are facing."

Firmino Miguel had reoccupied the defense post, which he had left 2 years previously, and was confirming, for the first time publicly, that he had almost helped form the cabinet to succeed Palma Carlos.

In one of the few interviews granted by Firmino Miguel, he not only admitted that he had been chosen "as I began to make contacts to form a government... But the circumstances and my own personality led me not to accept that mission."

After that refusal, it is known who accepted the mission, which is still frequently recalled today: Vasco Goncalves. It is also known that Soares was not able to solve the crisis, as Firmino Miguel had predicted, and that in 1984 he is still contending with it, although still maintaining an unquenchable optimism, despite the degree of impoverishment at which we have arrived.

Now deputy chief of staff for the army, after having been expected in some circles to be made CEMGFA [Armed Forces Chief of Staff], Firmino has avoided any comments about the possibility of becoming a presidential candidate, although engaged in intense behind-the-scenes activity.

His availability for a possible candidacy was, in fact one of the causes for Freitas do Amaral's resignation. It would have been intolerable for him if the PSD [Social Democratic Party] had chosen Firmino Miguel, aggravated by the fact that such a candidacy could attract Lucas Pires, desirous of putting distance between himself and the founder and former leader of the Centrists.

Between supporting Soares, launching his own candidacy or leaning toward a strong military candidate with a possibility of competing successfully, Mota Pinto seemed to be betting on the third alternative. The PSD National Council itself could give some indications, but the problem must be solved by the end of the year, or else the PSD will have to trail after the natural candidate of the PS [Socialist Party].

Discreet by nature, although with undeniably rich and varied government experience --provisional governments, constitutional governments and even a "resource," as in the case of the independents constituted by Nobre da Costa which did not get parliamentary approval--Firmino Miguel is not unaccustomed to being in the spotlight at the approach of presidential elections.

He was spoken of as a military alternative to Soares Carneiro against the candidacy of Eanes. But Sa Carneiro did not invite him and Firmino did not appear to be very willing.

Analysts see a different picture today. Firmino Miguel will make up his mind if he can count on the support of the PSD and the CDS [Social Democratic Center Party].

If this happens--which is not yet clear--it would be ironic if Firmino Miguel were to be a candidate against Mario Soares. And if the former Eanes supporter would become the supported, if only by omission. Unless Mota Pinto suddenly prefers another military personality (such as Lemos Ferreira, for example) or is seduced by the Soares charm.

In any event, one conclusion is undeniable: 10 years after 25 April the military are "returning" to political life, when it had been expected that 1985 would be the year of consolidating "civilianism"--through the new party and in the race for president. Whether or not it succeeds will be known in the short and medium run.

With extinction of the Council of the Revolution, some military men lost a source of legitimacy for political intervention. But the forced withdrawal could never be understood as a resignation. The new "Eanist" party is thus an opportunity for reappearance and the presidential elections an excellent pretext to present an alternative, should there be a shortage of civilian names. Melo Antunes and Firmino Miguel could be the protagonists of a new puzzle.

## PSOE'S CARMEN GARCIA BLOISE ON NATO, POLITICS, ECONOMY

Madrid DIARIO 16 in Spanish 14 Sep 84 p 5

[Article by Francisco Frechosó]

[Text] The socialist secretary of organization holds her own views on NATO. In her opinion, the party should not make any decision until finding out what "concessions" the administration can obtain in exchange for Spain's remaining in NATO. A special federal panel of the PSOE [Spanish Socialist Workers Party] should decide if there should be a campaign in favor of or against the Atlantic Alliance before the referendum is held. The woman considered the "Iron Lady of the PSOE" discusses this and other issues, now being widely debated in the party, before the 30th Federal Congress to be held in December.

Carmen Garcia Bloise is responsible for the department of organization, one of the party's most important jobs. Her capacity for hard work and the energy with which she handles decisions have won for her the nickname of the "Iron Lady." At the age of 47, her day-to-day job performance is such that even the party's most radical elements don't offer any criticisms.

She is now immersed in preparations for the 30th Congress, preoccupied with the smooth development of what has become known as the "socialist primaries," which mobilize all the members of nearly 2,000 grass-roots groups; she obtains data, checks percentages, and analyzes the first reports approved that come into her hands.

One of these reports, the one on international policy, has been the topic of debates in provincial and regional congresses held all over Spain. The pros and cons of our remaining in NATO have attracted more attention and divided opinions more than any other issue.

## NATO

Carmen Garcia Bloise has her own views on NATO. "We start from an official position, the position defined at the 29th Congress, and no one is questioning the resolutions of that Congress, such as holding a referendum, and non-integration in the military pact. Now, before the next congress begins its debate, an institutional crisis has arisen and in light of the fact that we are now actually integrated in NATO, this means there are two possible positions: either we can maintain the same positions as the 29th Congress, or we can accept the present situation in which we find ourselves. In exchange for this, the administration should set a series of conditions, such as: in the midterm period there would be no foreign bases in our country; we would get Gibraltar; the peninsula would be a nuclear-free zone, etc. This second position is the one held by the majority, expressed in terms of numbers of votes."

In her opinion, the majority position is not ambiguous, "not at all. It is a political position. If we decide in advance what we are going to do, no matter what kind of deal the administration is able to make, that does not seem a very astute way of conducting politics. Nor does it entail giving 'carte blanche' to the executive. The only thing we ask is that, when a referendum is convened, the administration should say what it has obtained, and then the party will decide if it will campaign for or against our remaining in the Atlantic Alliance."

Carmen Garcia Bloise's position contains a post-Congress epilogue as well. If in December, as seems likely, the delegates decide to adopt the majority position of granting the administration a margin of maneuver in order to set conditions that would be advantageous for Spain, at the time the referendum is called, "it would be the party, at its highest levels, such as the federal panel, that would decide if it would campaign for or against. If the conditions mentioned are met--the foreign bases, Gibraltar, nuclear-free zone--then it would not be ambiguous to say: "I, like the other countries of Europe, am going to take part in western defense, even though there is a policy of trying to do away with blocs."

## The Referendum

What no one questions, according to the socialist leader, is the holding of the referendum which, in her opinion, "even though constitutionally it has a consultative nature, if we socialists ask for the people's opinion, we do so in order to respect that

opinion. I believe it should be binding, and that is in line with the 29th Congress; one of its resolutions says that the PSOE would accept the decision made by the people of Spain."

Despite all this, Carmen Garcia Bloise still believes that "it is not good to be in a military bloc. No one is going to change my mind on that, but we are engaged in politics, and that forces us to follow a particular strategy."

#### The Executive Commission

Officially, as has already been said, these are all "hypotheses and alternatives," because the party leadership is not going to spell out its position on the issue before the congress is held. And yet, both the secretary general of the party and the president, as well as the secretary of organization, have said the contrary on several different occasions. At least, that is how it was understood by the communications media, for "there was a misinterpretation of what Felipe meant or what I tried to say, either through error or some misunderstanding. The executive commission, either officially or organically, can not say that it holds a particular position on such a matter. We members of the executive commission are going to a federal panel meeting at the end of this month. There will be a debate and I suppose that, as in any political debate, each member of the party leadership will have something to say. At that federal panel session the debate may be guided by the opinions of the leadership groups, or the issue may be left open until the 30th Congress."

#### The Economy

At that point we left the NATO issue and turned to another area, one to which the grass-roots of the party devoted special attention during their debates last weekend: socioeconomic issues.

Carmen Garcia Bloise spoke of "integrity" and "modesty" when saying that "conducting an election program from inside the government is not the same as it is from outside." She added that in any event, "there is no other alternative to the economic policy conducted by the socialist cabinet. That policy should not be given labels: for example, would a policy of nationalizations be useful? Even the socialist union, the UGT [General Union of Workers] has not raised such a question. What the UGT does point out, and rightly so, is the inefficiency of the public sector that is constantly costing the Spanish state more and more all the time."

The socialist leader believes that the fact of not having managed to create new jobs, "along with the challenge to set a precise figure, is closely linked to this lack of understanding between the social parties." In this context, speaking of the naval reconversion, she regrets "not having had a more comprehensive challenge from the CCOO [Workers Commissions] union. I believe that the way things were said and done heated up a climate that damaged the course of reconversion."

#### Government

In her opinion, she can not speak about poor management by the executive, whose members the party does not question. "Even the Socialist Left in the preamble of its reports speaks of its total support for the government." She also feels uneasy about saying that, as she herself recognized, the president had spoken of a crisis before summer. "I didn't hear him say anything more about that. Felipe did not mention that problem again. And at this time, there is no concern about a ministerial change, either inside or outside the party."

The party is now preparing for its 30th Congress, and does intend to change some of its leaders, although it is hard for the secretary of organization to answer this question, "because I myself am part of the team. What I do believe is that we need absolute dedication, great efforts, and comrades prepared to pursue the work that has been begun. I can say categorically that the party does not need to change its president, its secretary general, or its vice secretary."

After more than an hour of conversation, Carmen Garcia Bloise had a backlog of phone calls, urgent messages, and consultations with her closest coworkers awaiting her.

"Let's conclude this now," I said, "but before leaving I would like to satisfy my personal curiosity. What do you feel when you read or hear that you are called 'the PSOE's Iron Lady'?" "I don't know," she answers with a slight smile, "if because I am Castilian I don't have much of a sense of humor. And if an "iron lady" is a person with no sensitivity, I am absolutely not made of iron. But if being made of iron evokes the image of an anvil that keeps this party from getting twisted, then that nickname is quite welcome to me, because I don't want the party to lose its shape."

7679  
CSO: 3548/346

**PUJOL TELEVISION SPEECH STRESSES CATALAN IDENTITY****Barcelona AVUI in Catalan 12 Sep 84 p 8****[Article: "Pujol Asks for Confidence and Effort To Save the Real Economy"]**

[Text] Barcelona--In the speech transmitted jointly by TV3, TVE and different radio stations, Prime Minister Pujol said that the three great challenges of Catalonia currently are autonomy, surmounting the crisis, and modernization so as not to miss the train of world change. Pujol asked citizens not to expect solutions to present themselves, but to take care on the job and to make an effort comparable to that of the heroes of 1714, who "lost the battle of the war, but won the battle of the peace."

The president began his speech by referring to the significance of the day [Diada]. "We do not commemorate a defeat, but rather we commemorate the heroism of our forefathers (...), their energetic will to be, that pride in being Catalans that made them fierce defenders of our freedoms and institutions, and that later on made them rebuild the country (...), their deep convictions, their tenacity, their ability to rise again." Pujol further stated that our forefathers lost the battle of the war but later won that of the peace, that of work, of the creation of wealth and of well-being, of culture, of progress, of the promotion of the individual, of modernization, of Europeanization and of their own identity. "These, however," he added, "are our battles today."

"Catalan society," he continued, "has three great challenges before it: autonomy, the crisis, and the deep change that is occurring throughout Europe, and in Catalonia, as well."

**Problems of Autonomy**

Our autonomy, according to the prime minister, faces serious difficulties "that can drain it of content, leaving an autonomy that is only a facade. The tool to build Catalonia's autonomy could malfunction. The economic and social crisis has not been overcome (...) and meanwhile the world is changing, It is changing as seldom before, and its peoples have to be capable of adapting to that change, not several years from now, but now."

"Eleven September should be celebrated," he asserted, "not by looking backward and complaining, but by affirming our faith in ourselves."

"There are some who would rob us of that faith," he continued. "There are some who would destroy our dream. Sometimes they wish that we would become pessimistic. We will not allow this to happen. We have been the locomotive of economic and social progress. We have been so for over a century, we have been so recently, we are now those who best can do so again. Of all Spain, we have been and are the country most open to Europe and to the world. We are more densely populated and more capable of initiatives of every kind. We have been and are, on a world scale, a country of the first, the very first rank in the field of art. And we have been capable, also, of preserving our language, our culture, our collective sentiment, our spirit."

#### Against Pessimism

"We also," he added, "have been capable of something else that is very important: we have been capable--and it should be said that sometimes there have been maneuvers intended to destroy the unity of the Catalan people--of incorporating into Catalan society hundreds and hundreds of thousands, millions of persons of non-Catalan origin, thus saving the unity of the Catalan people."

"Why, then, should we be pessimistic?" he asked.

"Looking forward and not backward, I call on you to overcome fear and lack of confidence and to work for the modernization of Catalonia, for coexistence among all Catalans, for the recovery of hope on the part of youth, for the renewal, now under way, of our industrial and agricultural structures, for our growing opening on the world."

Pujol continued to assert that the men of 1714 "did not make war for its own, nor did they simply make war. They did it because they wanted to preserve the personality of Catalonia, the essence of being Catalan. They did it so that the state would not be a tedious centralist machine. They did it in order for Catalonia to be a modern country. To such an extent, that in the midst of war the Generalitat sent delegations to study how the most modern European societies functioned (...). We have the same objectives today: consolidation of our autonomy and reinforcement of our sense of being Catalan, reform of the structures of the Spanish State, revitalization of the economy, modernization of Catalan society."

These objectives, the president continued, will not be achieved by staying our hand, or merely lamenting or letting bitterness and resentment overcome us. "Nothing is built on rancor," he said. The people are saving themselves. And they are achieving their great objectives by mobilizing all their energies and having confidence in themselves. This is what we must do and I know that we can do it. I know, because I feel it and I see it every day (...)."

#### It Is Not a Time of Defeat

"We would lose again if we let our self-confidence be taken away. If we let ourselves be led to secondary, but erosive, discussions. If we were to lower our ambition and, instead of aspiring to a good European level, were to be satisfied with our average level. If we indulge either in resignation or in

bitter resentment. If we allow ourselves pessimism, sorrow, discouragement. Sometimes we are led there. Let us not be led there."

"I could, personally, let myself be dragged toward those attitudes," the prime minister asserted. "I have my reasons. As many personal reasons as those who are listening to me could have. I refuse. The day I do so, the day we do so, we will have suffered a decisive loss. (...) It is not time to lock ourselves in the house, or give up the game. (...) It is a time of calm, of tenacious and persistent action (...). It is not a time of defeat. It is not a time of dusk or twilight. It is a time of dawn. It is a time of recovery."

Concluding his speech, Pujol said, "We are not fighting alone, we are not defenseless, Catalonia is not a defenseless people, it is not an insignificant people. It is a people with guts [gruix] and with substance, with the affection of all its citizens, and whose weapons are the force of reason, of positive ideas." The president forecast that by next year "we will visibly have won ground."

12448

CSO: 3548/343

**PAPER EXAMINES FACTORS BEHIND SDP'S POOR POLL RESULTS**

Stockholm DAGENS NYHETER in Swedish 10 Sep 84 p 2

[Editorial: "Social Democracy Against the Wind"]

[Text] The Social Democrats ought to be experiencing a political dream situation. When they came to power in the fall of 1982, the non-socialists had failed for 6 years both to get along with each other and to shape a successful economic policy. During the Social Democratic period in office all the economic curves have pointed upward: exports, production and investments.

Far more than the actions of various administrations, it is the international trends which explain this development. But administrations are usually judged by the results, regardless of the underlying circumstances.

The Social Democrats' poll figures remain low, however. Since the fall of 1982 they have lost about 4 percentage points, from 46 percent and more to 42 and 43 percent. During all of last year the party stayed at that level and is still doing so in this fall's first Sifo [Swedish Institute for Public Opinion Polls] poll, released yesterday.

Certainly, there are shortcomings which are embarrassing to Social Democracy. The four-percent inflation target has not been achieved. Unemployment continues to remain high. But that can scarcely explain the low opinion figures. In fact, cost increases have been considerably lower than many feared after the devaluation. Open unemployment did actually drop, and employment increased.

The explanation may lie more on the ideological plane, in the "conservative wind," in a growing mistrust of the power of politicians, authorities and bureaucracy--and therefore also of traditional Social Democratic politics. The party's attempts to counter this opinion with its own freedom offensive has not been very successful, after all.

A confirmation of this interpretation is given in a table presented yesterday by SVENSKA DAGBLADET, which shows the directions in which the marginal voters (first-time voters, party switchers and former stay-at-homes) are moving.

During the second quarter this year the Social Democrats were only capable of luring 18 percent of this volatile group (as compared to 43 percent 2 years

ago). The Conservatives, on the other hand, collected 31 percent and the Liberal party 28 percent of these voters.

The Social Democrats thus appear to be struggling against an ideological headwind. If furthermore the favorable economy begins to give way before the next election--then their administration is in quite serious danger.

11949  
CSO: 3650/279

**BODSTROM WANTS GREATER PUBLICITY GIVEN TO AIR SPACE INTRUSIONS**

Stockholm DAGENS NYHETER in Swedish 11 Sep 84 p 6

[Article by Sven Svensson: "Violations of Air Space; Bodstrom Wants More Publicity"]

[Text] In the future, violations by aircraft will be publicized more rapidly than according to present regulations. Foreign Minister Lennart Bodstrom has initiated a discussion concerning this issue in the administration.

The result of the deliberations was that the Cabinet Office, the Foreign Ministry and the Defense Ministry will jointly study the issue with a view to new regulation.

The objective is to bring about more rapid publication of violations by the military authorities, as well as to gain greater insight into the diplomatic measures undertaken by the Foreign Ministry on account of the violation.

The number of violations amount to about 30 every 6 months, of which 20 are by NATO, a few by the Warsaw Pact countries and some by Finland. The violations have then been accounted for as a group. This applies to both non-socialist and Social Democratic administrations.

Most of the violations take place in the vicinity of Scania, where air space is tight.

On a few occasions it was a matter of sensational violations. A Polish military aircraft flew back and forth across Scania for 48 minutes, and in 1981 a NATO helicopter violated Swedish air space for 12 minutes. The latter violation was not reported at all by the non-socialist government, neither in the Committee on Foreign Affairs nor in any other connection, to the Social Democratic opposition. Not until after the Russian aircraft violation were these incidents revealed.

**Investigation**

The existing regulations imply that the military authorities must immediately report aircraft violations to the Defense Ministry. Then an investigation is necessary, lasting a few weeks. After that the matter goes to the Foreign Ministry, which in appropriate cases submits a low-level diplomatic

memorandum. After a note of regret a number of weeks later, the matter is written off.

Foreign Minister Bodstrom has argued in the cabinet that the military authorities should be given the right, as during the war, to publicize air space violations immediately. Simultaneously, the Foreign Ministry should more rapidly reveal any potential diplomatic reactions to the air space violation. Work is now in progress to create an entirely new practice.

#### Complete Agreement

It has been asserted in newspaper articles that the government has opposed the publication of certain photographic evidence in connection with the Russian aircraft violation near Gotland.

This is firmly denied by Supreme Commander of the Armed Forces Lennart Ljung. It was on the definite advice of the military that the government refrained from making public the photographic evidence, which the government and the opposition were allowed to see.

In the supreme commander's opinion, publication of the photographic evidence would have meant revealing the radar surveillance of the air space by the Swedish defense forces to an undesirable extent. In the cabinet meeting last Friday it was therefore decided in complete agreement that the photographic evidence would not be made public.

11949

CSO: 3650/279

## PAPER PONDERS SENDING CORRECT SIGNALS TO USSR AFTER INTRUSION

Stockholm DAGENS NYHETER in Swedish 11 Sep 84 p 2

[Editorial: "The Right Kind of Signals"]

[Text] An increasing number of Swedes are trying to become Kremlinologists. A fundamental problem has simply and disagreeably turned into the interpretation of Soviet violations of our territorial integrity, both certain and suspected intrusions.

The nucleus of the issue, which in the last few days has acquired renewed importance, is whether it is--and is sensible--immediately to act with great firmness toward Moscow and strive for improved neighborly relations.

The criticism of the administration--in fact not unexpectedly a non-socialist criticism--at least to some extent reveals mistrust of what is believed to be Olof Palme's personal USSR evaluation and policy. After all, the prime minister obviously controls the handling of the incidents by the Foreign Ministry. Those who are firmly convinced that Palme wants to downplay the Soviet problem find many faults and suspicious maneuvers in today's Swedish policy. Much is made of the way the information has been handled, or rather mishandled.

Even in the affected government agencies, and particularly there, quite a few people realize what a serious mistake was almost committed by attempting to keep the violation over Gotland a secret, which had been the original intent. The opposition leaders, above all, believe that they were informed too late. But the fault is hopefully not that the government, the Foreign Ministry and the Defense Staff wanted to keep quiet about precisely this startling new Soviet violation. On the contrary, the error may be that an exception was not made; After all, this was anything but a routine case.

The solution for the future is obviously not to pour out information concerning every brief overflight, which is usually admitted by the violator. For that, the old system with summaries is sufficient. But those responsible must use their judgement and assume their responsibility for informing the public about serious incidents that go beyond the normal. Do not allow an easily misused tradition to go on without supervision! Routine-like secrecy not only damages confidence in the government--if worst comes to worst it could even harm the country, if it is taken as a sign of weakness by a foreign adversary.

Concerning the need for transmitting the right kind of signals to the Soviet Union, we are now in the process of ending up in a peculiar situation. The government intends to let Communications Minister Bostrom go to the Soviet Union as previously planned, against all the advice of the non-socialist parties. On the other hand, the visit to the USSR by a parliamentary delegation may have to be scrapped, if the non-socialist opposition refuses to allow itself to be represented. Speaker Bengtsson does not want to travel at the head of nothing but Social Democrats and VPK [Left Party-Communists] members.

In other words, the signal that could be perceived as placating and accommodating in Moscow is being sent by the government. The potential other signal, a cancelled parliamentary visit, is in practice being sent by the opposition; the non-socialists have suddenly found a niche where they can exercise some kind of veto right.

Perhaps we are all too used to regarding parliamentary visits as pleasure and bonus trips. In fact, a group of prominent parliamentary representatives of the Swedish parties would more easily and effectively have been able to take up violations and other inter-governmental transgressions. See how U.S. senators and congressmen are being used!

There remains the question of how significant it is to transmit any messages to the Soviet Union other than that we are increasing our preparedness in order to protect Swedish territory in peacetime. Soviet experts as well as many foreign diplomatic experts seem to agree that Sweden has ended up in a more sensitive balance situation than the administration and Olof Palme, above all, will admit to.

The actions of the superpower put us under pressure simply because the other side is so big and difficult to reach psychologically. Primarily for that reason, of course, it is necessary for all of us to maintain a sense of proportion. In no sense does Sweden find itself in the same situation as Finland and the Baltic states in 1939, when the clouds were gathering and the Soviet Union presented clear, far-reaching demands. In our case the problem is scarcely as unambiguous as some commentaries are stating.

If the goal of the USSR is to affect our peacetime policy, it has instead chosen a way of playing the game which tends to create angry feelings here and therefore could lead to the Soviets scoring a goal against themselves. And the preconditions for the USSR respecting our neutrality in the event of a major European war cannot be evaluated at all.

Sweden's acute problem is nevertheless to weigh with genuine firmness the diplomatic and military sanctions which would instill the necessary respect for our integrity. The Palme administration may not want to see all the difficulties. But it has chosen a difficult course.

11949  
CSO: 3650/279

**NATO'S BOLD GANNET EXERCISE REFLECTS DANISH STRAITS CONCERN**

Helsinki HELSINGIN SANOMAT in Finnish 16 Sep 84 p 37

[Article by Vesa Santavuori: "Airspace Most Important in Danish Straits"]

[Text] Copenhagen--The fact that operational interest in the last 10 years has been directed toward air activities means a most significant military change in the Baltic Sea and particularly in the vicinity of the Danish Straits.

This assessment was presented in September to HELSINGIN SANOMAT in Denmark by Major Hans Henrik Johansen in APIC, the information section of NATO's Military Exercise Staff, in Ringsted. The Danes are certain that in the event of a crisis their straits can be mined with only a few hours' warning and can be partially mined with only a few minutes' warning.

**Air Corridor to Baltic Sea**

Mine sweeping, for its part, takes days and presupposes air superiority. Moreover, Central Europe is so crowded with missiles that the best air corridor to the Baltic Sea and back is over the Danish Straits unless there is the intent or capability of violating neutral Swedish airspace.

Therefore, in the military sense the most urgent question at the moment is not at all the degree to which submarines or military surface vessels, for example, will be able to pass through the Danish Straits.

On the other hand, what is essential is the path that an air force can take in order to invade enemy territory. The airspace between neutral Sweden and the NATO country of Denmark offers an interesting operational opportunity for NATO as well as for the Warsaw Pact.

It is also fashionable to deliberate from where an "enemy" can capture a sufficient number of air fields in the vicinity of the Jutland Sound. All the Danish islands are interesting as well as, of course, the whole southern portion of Sweden at least from Stockholm to Goteborg. The submarine incidents in Swedish waters can be explained in this connection according to the assessment of even others than NATO officers in Copenhagen.

## **Finland Not a Point of Interest**

Finland is not of military interest in the sense of procuring air and other military bases, states Major Hansen in answer to the military-geographical question concerning the Baltic Sea area. This answer was thus issued in connection with NATO's land war exercises in Denmark in the name of APIC or the information section of the Western military alliance.

Approximately 20,000 men, 10 large military ships, and more than 100 aircraft are participating in the Bold Gannet military exercises presently in progress in Denmark. The purpose of the exercise is to transport NATO soldiers by sea first to the western part of Denmark and then from there by land and sea to the southern sections of Copenhagen.

NATO wants to demonstrate that its strike forces are, if necessary, also capable of defending the eastern portions of the Danish islands. The troop transport operation is, of course, slow, but in an actual crisis we will automatically be assisted by an air force with a strength of more than 200 aircraft, believe NATO's Danish officers.

Thus air superiority is a question which comes up again in connection with the Bold Gannet exercise also, even though it is primarily a question of a marine landing exercise in the vicinity of the Danish Straits. Reference is made to Sweden's air defense even here.

The NATO officers assigned to Bold Gannet, at least, give the assurance that they know there is confidence in the capabilities and neutrality of the Swedish Air Force. The practical demonstration of this is that Sweden jealously and effectively protects the inviolability of its airspace.

## **Short Sweeps**

In 1983 at least 15 definite violations of Swedish airspace were confirmed in the vicinity of Sweden's southern tip. The majority of these was committed by the aircraft of NATO countries. In question were sweeps over Swedish airspace lasting approximately 20 seconds.

These "sweeps" are explained in a military sense by the fact that the shortest path for determining whether the Warsaw Pact has sent its military aircraft toward the air corridor above the Danish Straits is to sweep over the southern tip of Sweden.

In showing the route on a map the Danish officer's finger traces a line over the area of Malmo--Trelleborg. "The guys are in such a hurry that as a matter of course a slight short cut is taken."

From a political point of view it is, however, interesting that if such a violation of Swedish airspace occurs, frequently a polite apology is sent.

Violations of Swedish airspace by the Eastern Bloc countries have been significantly less than those of NATO. The East also commits such violations, but only two--three violations a year are confirmed in Sweden.

**SDP DEFENSE SPOKESMAN DAMGAARD: GIVE UP SUBMARINE FLEET**

Copenhagen AKTUEL<sup>T</sup> in Danish 27 Aug 84 p 6

[Article by Erik Matzen: "New Soviet Plane Forcing NATO to Change Strategy: Submarines Totally Superfluous"]

[Text] "Give up the submarines. It is a waste of expensive tax money when Danish submarines will anyway soon have had their day militarily in the Baltic Sea."

This is the message which Social Democratic Party Armed Forces Policy Spokesman Knud Damgaard has given Defense Minister Hans Engell after it became known that NATO's infrastructure program will be considerably more expensive than at first assumed.

The program was estimated at 225 million kroner per year, which was to be used for the construction of air bases, depots and oil pipelines. All measures which were to render easier the rapid transport of NATO forces if the Russians come. But the infrastructure program will be at least twice as expensive and Engell has prepared himself for the missing money's being procured by cutbacks in all items in the armed forces budget.

"But this is a bad idea," Knud Damgaard says. "For then the army and air force will suffer, and it is especially these two services which we will be dependent on in a conflict situation when the Russians begin to transport large forces to our coasts. The air force with its missiles and planes and the army with its air defenses must seek to make such transport of troops very costly. Get the money from the submarine account instead!"

**The Russians Will Come in Planes**

Damgaard refers here to the just entered into armed forces compromise in which it is agreed that a group of experts is to find out whether there is any sense in Denmark's using 2 billion kroner on building brand new submarines at the same time as we are using about 400 million kroner on leasing three scrapped submarines from the West Germans.

According to the prevailing opinion in the navy, the Russians will transport their troops via their many ships and here Danish submarines in cooperation

with the West German ones will make it quite difficult for the Russians.

"But the Russians will not come by ship, but by plane," Knud Damgaard says.

He refers to reports from NATO sources. According to these, the Russians have successfully tested a new revolutionary type of airplane. Western sources have for a long time been aware of the fact that this type of plane could be constructed, but have failed to develop it because there was no money in it.

#### Below Radar Altitude

The principle of the new plane is that it flies 20 m above the sea or land, for a propeller on its nose blows air in under the fuselage, whereupon it is able to fly by resting on top of an air cushion.

In this manner it is able to achieve a speed of 600 km/h, in contradistinction to the approximately 40 km/h of ships, and the plane can carry 400 men fully equipped, or a couple of heavy armored vehicles. In addition, the plane has the advantage of being very difficult to detect by radar, because it flies so low. Actually, it cannot be seen before it is less than 30 to 35 km away.

The Wig plane, which NATO calls it, while the Russians call it the Ekranoplan, is now to be put into series production and thereby all of NATO will be forced to change its strategy. Possibly, NATO itself will also have a few!

8985

CSO: 3613/220

**NATIONAL GUARD COMMANDER ANDREASSEN ON MISSION, PEACE MOVEMENT**

Copenhagen AKTUEL in Danish 27 Aug 84 p 13

[Article by Peter Bergen: "National Guard Chief in Parting, Regarding Success, Policy and Peace Movement; He Has 77,000 Troops Under His Command"]

[Text] With 77,500 soldiers under his command, Major General Jørgen Andreassen has a bigger force than the combined military of many countries.

No other Danish general commands anywhere near so large a force. It is over twice as large as the 30,000 men doing service in the army, navy and air force.

The figures say something about the success of the National Guard. Major General J. Andreassen is, that is to say, chief of the tens of thousands of volunteers who manage with only three percent of the armed forces budget and 800 permanently employed officers and office workers.

Although the National Guard includes all age groups, it is not a question of decrepit old men with flintlocks. The force has modern field uniforms and the same rifles and machine guns as the "real" armed forces. And 75 percent of new enlistees are under 30 years old, and most are under 20. One to two hours after an alarm half of these "sparetime soldiers" can be in combat position. Every day, year round.

J. Andreassen: "Such a large force for so small a budget, rather more than 400 million kroner per year, tempts certain politicians. They think that the National Guard should take on more duties. We cannot do this with our training and arms. We have reached the limit for our capacity. Heavier weapons require specially trained soldiers which we cannot supply."

**Heavy Demands**

The many young people make heavy demands.

"When the National Guard was formed in 1948, most had either done their compulsory military service or had taken part in the resistance movement, often both. Of the 800 new people who apply per month today, 600 have never had a

gun in their hands. They must be trained from scratch, i.e., practically speaking, for 200 hours for the first three years."

Ten percent of new people leave the National Guard again during the first year.

"We are trying to do something about this. For one thing, I have given instructions that each new member must have a talk with an experienced National Guard man or woman so that the person concerned will be completely aware of what he or she is getting into and what demands are imposed. It is certainly best for everyone that people with false notions back out in time. It is throwing money right out the window for equipment and training if people quickly disappear again."

The talks seem to have worked. In the last half of the 70's and the beginning of the 80's net recruitment was about 1000 per year. Over the last year the force has become stabilized at 77,500 men and women.

"We are also studying resignations. Who goes and why? And what can we do to increase interest? The last attitude analysis is from 1975. Almost 10 years ago, and now we are making a new one."

#### National Guard a Peace Movement

The general is himself leaving. He has been ordered to retire as of 1 September after for the last seven years having been at the head of one of the most well known voluntary military forces in the world.

[Question] At the same time as the heavy recruitment for the National Guard, the peace movement has also gained strength. Has a polarization taken place?

[Answer] "Some certainly regard it as a polarization. We do not want this. When we also call ourselves a peace movement we seriously mean it. Our primary goal is certainly to contribute to a war's not breaking out. The Danish armed forces are part of NATO, whose primary goal is also to prevent war. For this reason we can also call ourselves a peace movement."

[Question] Can one be in the National Guard and take part in the peace movement?

[Answer] "Yes, but we do not want people participating in demonstrations and the like in uniform."

[Question] Why do people join the National Guard?

[Answer] "There are many motives. What we would most prefer to see is the desire to contribute to the country's defense. It can well be that Danes are not very militant, but now and then they are quite realistic. And I would like to think that many join because they believe that it will contribute to maintaining peace, freedom and democracy. That if one just gives up or lets oneself be frightened then the cause is lost beforehand. Of course, there

are also some who join because they know somebody who is in it and have heard about the good fellowship."

"Some are interested in firearms or other of our materiel. We cannot deny this. So it is up to us to impart the primary motivation: interest in defense."

#### Limits Weapon Abuse

[Question] They all have weapons and ammunition at home. Some use them to commit suicide or against others, don't they?

[Answer] "Each case of abuse is one too many. But when so many are members they cannot be avoided. We try to limit them; for one thing, commanding officers have the obligation of keeping a watchful eye on their people. If they think that someone is in a crisis, then they have a talk with the individual concerned and may confiscate their weapons and ammunition. This takes place discreetly, often just an agreement between the two of them. It can certainly be taken for granted that if people want to commit suicide they can find other methods than weapons. Incidentally, it is not we who originated the idea that people ought to have weapons at home. This was enjoined upon the National Guard by the Folketing. It is not a right, but an obligation, as Frode Jakobsen has put it."

Radios and protective clothing are on Jørgen Andreassen's list of things wanted for the National Guard: "It is frightening that the Warsaw Pact's forces are making so much of protection against gas. We cannot get around the fact that we must have protective clothing, in any case for the most vital posts. But it is expensive, 300 to 400 kroner a set. I am surprised that no Danish firm has thought of starting production of it."

#### The Political Commissar

[Question] Non-socialist politicians and National Guard people have said that the civilian commissioner (Social Democrat Poul Søgaard (ed.)) is superfluous and have called him a political commissar. Does having a civilian beside you create problems?

[Answer] "It is not problem-free. The commissioner and chief of the National Guard, i.e., I, constitute the National Guard's leadership. Together we are responsible for the National Guard to the defense minister. If we cannot agree, then a problem arises. Then the decision falls to the minister. We do not like this and we try to avoid it. We do not want to be declared incapable of managing our own affairs."

8985  
CSO: 3613/220

**RADICAL LIBERAL CONGRESS REJECTS MOTION TO QUIT NATO**

Copenhagen BERLINGSKE TIDENDE in Danish 17 Sep 84 p 7

[Article by Svend Bie and Michael Ulveman Jensen]

[Text] Big debate on new security policy of Radical Liberal Party. Working program cannot be used politically at present. National congress of Radical Liberal Party rejected proposal that Denmark withdraw immediately from NATO.

The Radical Liberal Party has, for the first time, got a security policy working program, but it was not achieved without heavy internal battles, and the result may not be used immediately by the Folketing group of the Radical Liberal Party for political initiatives, says Niels Helveg Petersen, political spokesman.

Arne Stinus, the spokesman of the party on security policy affairs, also said that it will be difficult converting the working program into concrete political measures.

The chairman of the committee which has prepared the security policy program, Jens Kimby, engineer, said with regard to this position that the party will have to choose whether it wants to give highest priority to supporting the nonsocialist government or whether it wants to have a security policy profile.

The working program of the Radical Liberal Party is based on a total defense program according to the pattern used in Sweden and Switzerland and involves, among other things, a so-called local defense system to the effect that the local population must be able to stop or hamper an intruding enemy.

"Reorganizing the defense system will involve some costs, but the goal is, of course, to keep the costs at the lowest possible level," said Niels Helveg Petersen in answer to a question whether the defense system proposed by the Radical Liberal Party will become more costly than the present one.

**Program to Be Introduced Very Gradually**

The reason why Niels Helveg Petersen does not find that the proposed defense program can be employed concretely right away is that the government and the

Social Democratic Party have entered into a triennial defense agreement. Only after that may the far-reaching Radical Liberal proposal be really launched. "It will have to be applied little by little," Arne Stinus said.

Gunnar Nielsen, Holbæk, said that the proposal will weaken the profile of the Radical Liberal Party because it is not clear what is meant by a people's defense.

"That is not disarmament but armament," he said.

Torben Vestergaard Frandsen, Kolding, on the other hand, said that the proposal will become a new and good tool for the peace movements.

"The peace movements are treading water. This proposal may become a new motive power within the peace work.

The proposal was, indeed, received favorably by the Youth Organization of the Radical Liberal Party, which, contrary to previous practice, did not spend the limited time allotted to speakers in a heated showdown with the parent party.

The national congress of the Radical Liberal Party rejected a motion for immediate withdrawal from NATO. The security program, however, prescribes that Denmark withdraw from the military cooperation within NATO.

7262  
CSO: 3613/228

## SCHOLAR CITES RISKS OF MILITARY BUDGET CUTS

Copenhagen BERLINGSKE TIDENDE in Danish 18 Sep 84 p 12

[Text] The Naval, Scientific Society, the Naval Lieutenants' Society, last Monday, celebrated its bicentenary with the placing of wreaths, a reception, and a private celebration at the Naval Officers' School at Holmen with Queen Margrethe and Prince Henrik as specially invited guests, where Professor Tage Kaarsted was the chief speaker, the topic of his speech being "Features of the History of the Navy as Seen Through the Binoculars of the Naval Lieutenants' Society."

Tage Kaarsted discussed, among other things, the most recent defense agreement, where, after having been humiliated three times by the majority of the Folketing to advocate a position in NATO which it had voted against in the Folketing, the government had to make a virtue of necessity and accept a Social Democratic dictate, as he put it.

Tage Kaarsted described it as a peculiar parliamentary situation which may externally give rise to doubts as to our credibility as a partner to the alliance and which, internally, may have a negative effect on the conception of the nature of parliamentarism and may thus confuse the electorate.

"The long period of peace has had the effect that a steadily decreasing number of people will have memories of the war [World War II], and this circumstance has provided nourishment for the various peace movements. The Social Democratic Party is in a difficult situation, as, on the one hand, it has to see to it that its left wing will not go over to the Socialist People's Party and, on the other, must be in a position to take over the government power again. This has led to a peculiar security policy situation," he said.

He said that the Naval Lieutenants' Society must find it difficult to live with the defense agreement seeing that the Navy had become the loser--not because of craftiness on the part of the two other services--but on account of the political decisions which, he said, were due to a general lack of appreciation of the actual reasons why we need a defense system.

"We are not to win a third world war but to prevent it. That is why we have to preserve our credibility both in the East and the West, and that requires a war strength which may be brought into action at low conflict levels which, within the Danish territory, gives the Navy important tasks," Tage Kaarsted said.

**COAST GUARD TAKES DELIVERY OF NINE NEW-TYPE PATROL BOATS**

Helsinki HELSINGIN SANOMAT in Finnish 13 Sep 84 p 13

[Text] Turku (HS)—This year the Coast Guard will get nine entirely new-type patrol boats. The boats are suitable for sea rescue assignments and will decisively improve Coast Guard stations' rescue readiness. At least an additional 10 boats would quickly be needed for the Coast Guard stations to replace obsolete equipment.

Some of the new boats have already been out on trial runs and experiences with them are good.

A shipment of six boats was officially delivered to the Coast Guard on Wednesday in Turku and in a gala exchange of flags Coast Guard commander Lt Gen Ilmari Kirjavainen accepted the boats.

All told, there are 33 Coast Guard stations along Finland's coastline and each of them has a steel boat and a patrol boat in operation. Most of the stock of patrol boats is already over 20 years old and the model is obsolete.

"We should be able to renew the stock of boats steadily so that wear and tear and obsolescence of the equipment would not produce such powerful pressures to renew them," Lieutenant General Kirjavainen said.

**Water-Jet Engine Facilitates Rescue**

In principle all 33 Coast Guard stations would like to have a boat like this for their use, but, according to Kirjavainen, they would immediately need at least 10 more of them in addition to the 9 built this year. Built by Fiskars' Turku boatyard, the new boat was especially designed for Coast Guard patrol and sea rescue use. It replaces a considerably slower and smaller patrol boat.

Bosun Algot Hermansson and coast guardsman Sture Liewendahl of the Kokar Coast Guard station sailed on the new boat this summer.

They praised the boat's equipment and handling qualities. When you have to go to sea on rescue duty in all kinds of weather, you know how to appreciate a really good boat. Especially since Kokar's last patrol boat dated from 1963.

Now for the first time there is even a toilet on a patrol boat for coast guardsmen who regularly go to sea.

The new patrol boat is 12 meters long and a good 4 meters wide. There are two engines on the boat with a capacity of 740 HP. The boat is propelled forward on the water-jet principle.

In this way not even when sailing in shallow waters is there any fear of damaging the propeller.

Thanks to the water-jet engine, the boat turns nimbly and circles about one spot without having to watch out for the propeller when lifting rescue victims into the boat.

There is plenty of room to work in the stern of the boat when performing rescue operations and repelling oil. Even with an 11-man load, the boat sprints along at 35 knots and in a pinch it can pick up some 20 people.



On the basis of trial runs, the Coast Guard's new patrol boat is felt to be powerful and fast enough, even in the most difficult sea rescue assignments.

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CSO: 3617/224

**TRAINING BEGINNING FOR T-72 TANK CREWS IN FINLAND, USSR**

Helsinki UUSI SUOMI in Finnish 6 Sep 84 p 5

[Article: "Training Begins in Early Fall"]

[Text] The delivery of T-72 tanks purchased from the Soviet Union by the Finnish Defense Forces will begin this year.

Also operational training on the tanks will begin in the Soviet Union in early autumn.

Lieutenant Colonel Antti Mustonen of General Staff's Information Section says that the decision on the commencement of training has been made, but the exact date is still open.

"A unit from the Parola Tank Brigade will go to the Soviet Union to become familiar with the maintenance of the tanks and training of personnel."

Mustonen did not yet want to estimate the size of the unit to be sent for training. According to him, the individuals to be trained will be technicians, officers, and non-commissioned officers.

**Obsolete Equipment Will Be Renewed**

The decision to purchase the T-72 tanks was made in the spring. This procurement is part of the tank equipment renewal program and the objective is to improve the operational ability of the army by replacing the obsolete T-54 tanks, which have been in service for more than 20 years, with modern equipment.

The tank procurements are scheduled over a period of 5 years. Mustonen does not want to reveal the number of tanks to be procured and the value of the transaction.

"The first vehicles will be delivered at the end of the year. Funds have been earmarked in the current year's budget for this transaction," states Mustonen.

No New Procurements

Musconen was surprised by the information provided by REUTER on Tuesday that General Jaakko Valtanen, commander of the defense forces, who is presently on a visit to Moscow, will discuss the possible purchase of weapons by Finland from the USSR during his visit.

According to Mustonen, the general staff has no knowledge of any negotiations connected with the purchase of weapons.

"We do not have any knowledge of any subject of direct commercial transactions."

Mustonen considers it possible that procurements of weapons may, naturally, be discussed at a general level, but the defense forces do not have any individual needs at this time according to him.

10576  
CSO: 3617/225

**MARINE CORPS NEEDS NIGHT VISION EQUIPMENT**

Amsterdam DE TELEGRAAF in Dutch 31 Aug 84 p 6

[Article by Arnold Burlage: "Marines Can Hardly Operate at Night. Unacceptable Risks Because of Lack of Materiel"]

[Text] Rotterdam, Friday--The readiness of the [Dutch] Marine Corps under nocturnal conditions has diminished below standard in an alarming way.

The crack corps of the Royal Navy does not have the necessary materiel available for exercises during darkness, and is therefore seriously handicapped under conditions of war, as well.

The lack of good materiel has unacceptable reduced the chance of survival for the marines. The Association for Promotion of Interests of the Naval Forces [VBZ] blames the RSV [Rijn-Schelde-Verolme, a naval construction corporation] fiasco for the fact that that risk is being taken, "because of which new war ships were ordered at an advanced date, in order to save navy vessel construction, but because of which there is no room any longer for other necessary investments."

**Falklands War**

Based on the experiences during the Falklands War the marines in our country are convinced that more nocturnal exercises should be held. The corps should be used especially under those conditions. But the equipment for this is lacking. A request from the commander of the corps, General-Major T. Rudolphie, for night vision equipment (200 binoculars) was immediately returned by the Ministry of Defense.

The Marine Corps has now been ordered to make a 10-year plan for the materiel requirements. An official spokesman at the Ministry of Defense confirmed this. "When that 10-year plan is ready, that will be reviewed at the ministry," the comment said.

**Priorities**

The Dutch marines have war tasks in the polar region at the northern flank of NATO in Norway. According to the interest group, the priorities of navy

personnel in the corps, which are listed higher in order to be able to perform their tasks, are:

--Better and heavier gun support, possibly light, mobile artillery. TNO [Netherlands Central Organization for Applied Natural Scientific Research] is still looking for the ideal armament of the corps.

--Amphibian vessels for transporting marines to their war-time destination. At the moment, the vessels are rented in Norway. It appears from the Defense Note that the Netherlands only at some time between 1989 and 1994 intends to provide these itself.

--Good sleeping bags, appropriate for polar conditions, despite the contention from the side of Defense that the present sleeping bags suffice. At present, the marines still borrow such sleeping bags from their colleagues from England, because their own gear gets wet quickly, and is useless in severe cold because of this.

--Modern ski equipment. The present skis are sneakingly called surf boards or NATO doors among marines, who at exercises already are using their own skis. A Defense spokesman says that only those heavy and broad skis are suitable to carry the marines with their 50-kg kits.

The Association for Promotion of Interests of the Naval Forces thinks that great risks are being taken with the alarming materiel situations.

From a talk between the VBZ [Association for Promotion of Interests of the Naval Forces] and General-Major T. Rudolphie, commander of the marines, it appeared that the commanders of the corps have already been alerted to the necessity of having more nocturnal exercises.

12568

CSO: 3614/124

**SUB VIOLATIONS, SPETSNAZ VIEWED IN STRATEGIC CONTEXT**

Oslo AFTENPOSTEN in Norwegian 21 Sep 84 p 2

[Op Ed Article by Werner Christie: "What Do the Foreign Submarines Want?"]

[Text] Many knowledgeable and reliable sources have recently expressed the belief in a growing threat from the submarines in the Soviet's steadily more powerful navy. In October 1981 a Soviet submarine grounded off Karlskrona ("Whisky on the Rocks"). The Swedes appointed an investigating commission which consisted of five members with differing political views. The commission's unanimous conclusion was that in 1982 there were 40 violations of Swedish territorial waters. In one case six submarines operated together, another time two different types of midget submarines operated just outside of Stockholm.

The Swedish supreme commander has recently issued his "Perspective Plan" for the years 1987-1992. He emphasized the increasing strategic importance of the Nordic countries, and did not conceal his fear of a race toward the North.

**Blitzkrieg Concept**

A defected Soviet officer who calls himself Victor Suvorov explains how the Soviet Union has gone over to a blitzkrieg concept, a concept which for that matter was clearly reflected in the large amphibious exercise Zapad-81. "Spetsnatz"--the highly trained forces which are specialists in sabotage, assassination and other secret tasks--are another important component in the Russian blitzkrieg. Spetsnatz has now also created so-called marine brigades which include frogmen, parachute troops and midget submarines, and there are many indications that people from Spetsnatz have been both under water and on land in the Swedish archipelago.

**In Norwegian Waters**

We do not, however, need to go over to Sweden to find examples. Our own Defense Ministry reported after thorough investigation that "it was estab-

lished with great certainty that during the past 14 years we have several times had unlawful visits by foreign submarines in Norwegian territorial waters." This was announced before the antisubmarine action in Hardangerfjord in the spring of 1983.

No one will any longer deny that Soviet submarines operate just off our coast, even if the most naive doubt that they are in Norwegian territorial waters. Others push the entire issue aside. There can no longer be room for doubt, Soviet submarines operate in both the Swedish and Norwegian archipelagoes.

The question arises: What do they want?

The first obvious answer is espionage, collecting the most possible information about Norwegian and Swedish defenses. It was hardly an accident that Captain Gustshin grounded his Whisky submarine off Karlskrona at the same time as the Swedes were testing their new wire-guided torpedo. In addition it is of value to acquaint oneself with the coastline, chart the sonar conditions and other factors of importance for possible future operations. But what kind of operations?

#### Divide Norway and Sweden

In a conflict the Russians undoubtedly desire as quickly as possible to turn the Baltic into a "Soviet Sea." As a step in that direction the Swedish Navy must eventually be defeated, and it is therefore desirable to chart the Swedes' strong and weak points. Another main goal is to protect base installations around Murmansk. The Northern Fleet--the largest part of the Soviet Navy--is entirely dependent on this ice-free naval base. It is understandable that the Soviets fear allied attacks here from Norwegian air bases, and the Swedish defense forces also lie uncomfortably close. Let us not forget that before the Winter War of 1939 the Russians demanded the removal of the border on the Karelian Isthmus in order to protect Leningrad. If the Russians want to create a defensive ring around Murmansk, that concerns Sweden, Norway and Finland.

One way to do that is to divide Norway and Sweden in two, on one offensive from the Sundsvall area toward Trondheim. There have recently been several violations in the area around Sundsvall.

Some claim that such an attack would be too daring. But one must remember that Soviet naval power has increased dramatically in recent years, and the Russians are undoubtedly willing to invest heavily to protect their bases. A blitzkrieg attack with Spetsnatz, aircraft, naval and amphibious forces could be necessary. In this connection one should not underestimate the importance it would have if Spetsnatz leaders have personally visited the areas they will attack. That would create confidence both in the leadership and in the units.

A final theory says that the Soviets are looking for hiding places for their submarines. One of the surest indications that a war is imminent is that naval forces go out into the open sea--at sea they would be too vulnerable. It would be difficult enough to come out of Murmansk undetected, in the Baltic it would be impossible. Whether the ships move over or under the sea, they will be noted and counted when they pass through the Sound or the Belts. On the other hand if they only cruise in the Baltic and lie on the bottom in Swedish territorial waters, NATO will be in a dilemma. In the first place it will be a big problem to localize the submarines, and if they are found, attack within Swedish territorial waters would have big political implications. In the deep Norwegian fjords the political consequences would be less, and the possibilities to get away are also good here.

Such dispersal is realistic for all types of submarines, and for those which carry missiles and cruise missiles it is especially important to determine their position accurately before the weapon is fired. Such positions could be marked in advance with electronic or other aids laid on the bottom of the sea in peacetime and activated when required by the situation.

Is that what the midget submarines are doing?

9287  
CSO: 3639/163

**NATO MILITARY COMMITTEE CHIEF: THREAT TO COUNTRY INCREASING**

Oslo AFTENPOSTEN in Norwegian 17 Sep 84 p 2

[Article by Jann T. Lund: "Soviet Expansion in the North Continues: Threat to Norway Will Grow"]

[Text] The continued Soviet naval buildup in the North is disquieting. Norway is playing an increasing role in NATO defense. NATO's most important task is to prevent any outbreak of war. Europe has not done enough to build up its defense. We must be able to respond to all types of attack to avoid the use of nuclear weapons. It is important that NATO shows solidarity and holds together. Expense of a weapon is no reason not to procure it.

"There is no sign of change in the continued Soviet military buildup in the North. The buildup of Soviet arms, mostly of the Northern Fleet at Kola, continues, and increasingly represents a threat against NATO's lines of communication. Even if the buildup in the North obviously has its objective far from Norwegian territory, such a formidable concentration of strength in the immediate vicinity of the country makes the defense of Norway more difficult. If the Soviet Union continues in coming years to increase its naval strength in the North at an undiminished pace, Norway's role within the NATO defense will become steadily more important," said the chairman of the NATO Military Committee, General Cornelis De Jager in a conversation with AFTENPOSTEN in NATO Headquarters in Brussels.

"In the North it is especially the navy and air force which have been the objects of the buildup, and it is especially the strong and continued increase of the navy which concerns us," pointed out the chairman of the NATO Military Committee. "For the present we assume that the buildup will continue, both in quantity and quality, and that will increase the threat against NATO's northern flank. We have a gap, and that gap will increase."

**More Important for NATO**

To the question of whether this development increases Norway's importance to the defense of NATO, General De Jager said that not only the gap in strength

comparisons, but also Soviet buildup of strength outside the NATO area can influence the security of individual member nations.

"As for Norway," he said, "the country is playing a continuous and growing role in NATO defense. The Norwegian Sea and the North Atlantic have gained increasing strategic significance, and the result is that the Norwegian Sea could be a military-strategic sensitive deployment area for the battle for the supply lines in a war. Norway therefore wants to play an important role in controlling the Soviet threat in the North and for NATO's lines of communications across the sea."

"How do you evaluate NATO's conventional and nuclear position today?"

"For both sides it would be very dangerous to begin the use of nuclear weapons. A war using such weapons is therefore not probable, even though it is possible. We believe that the risk that a war will begin with nuclear weapons is very slight, but on the other hand we see a danger that use of such weapons could develop out of a conventional war."

### Three Reasons for a Strengthened Defense

About the need to strengthen conventional defense in the NATO countries, General De Jager says that there is much room for improvement and buildup of strength simply to prevent any type of outbreak of war--both conventional and nuclear.

"In the first place: A conflict must be stopped at the lowest level. That means that we must have enough flexibility in conventional weapons to meet an attack at any level and oppose all threats. Therefore our forces must be balanced and strong enough to be able to meet an attack at any level. In the second place: If we do not have sufficient conventional strength to meet and stop a conventional attack, we could at an early point risk being forced to decide between surrender or use of nuclear weapons. In the third place: We need increased conventional strength to gain time, so that we are not caught off balance, and so that our crisis-management machinery will have time to react."

"What will we be able to do if we are placed in such a situation that we, for lack of sufficient conventional strength, are not able to stop an attack by the Warsaw Pact's superior conventional strength?"

"We will be confronted with the possibility of withdrawal, surrender, or escalation, meaning stepping up. If the situation is such that everything has gone wrong, the remaining possibility is to escalate. The possibilities for escalation make up a part of our ability to discourage, and the decision about this will depend on the situation and be made politically. The military possibilities are in place, but the decision must be made by the government. But then we must ask: Why should the Soviet Union be interested in starting a conflict without intending to achieve a gain from it? Before

they attacked, would they have a certainty of winning? But how can they be so sure that the small NATO lands will not hold together? Therefore it is so important that NATO solidarity is strong and that the alliance shows unity."

#### Very Expensive

"Will new technologically advanced weapons systems, which the United States is now apparently spending to develop, be able to reduce our dependence on nuclear weapons?"

"We have always used new technology extensively as long as NATO has existed. Today we have an enormous potential to progress in the West. One can improve quality at the expense of quantity. But often one needs both. There is furthermore a limit to how much we can reduce the number and increase quality. Perhaps we now stand on the threshold of developing so-called "smart weapons," and it is possible that such weapons can reduce our dependence on nuclear weapons. But one thing is already certain--such weapons will be very expensive!"

"At the same time we see that small NATO countries such as Norway and Netherlands, yes even Great Britain, are already not able to afford to procure everything desirable. Weapons are becoming so sophisticated and technically advanced and the price is so high that it cannot be overcome. But at the same time it is obligatory to do all we can to strengthen our defense capability, and to thereby guarantee that our country is defended."

#### Defend Oneself

"That will be expensive, but that must not be an excuse for not developing new technology and obtaining the most modern weapons. We can not use the high costs as a reason for not getting the best weapons which it is possible to obtain."

9287  
CSO: 3639/163

## LESSONS LEARNED FROM FLOTEX, BAR FROST EXERCISES EXAMINED

Naval Command, Control Materiel Inadequate

Oslo AFTENPOSTEN in Norwegian 17 Sep 84 p 14

[Article by Liv Hegna]

[Text] Tromso, 15 September--Tens of billions must be invested in Norwegian naval defenses if they are to regain the level that was achieved after the naval plan of 1960 was implemented. This was stated at a press conference Saturday in Tromso by the commander of the naval forces in North Norway, Rear Adm Torolf Rein. Rein is the leader of the large-scale national naval exercise called FLOTEX. The programmed portion of the exercise will be concluded on Monday.

Beginning today, ships will be free to conduct war exercises at sea according to their own ability to obtain information on the movements of enemy forces. The main goal of the FLOTEX exercise is to practice defending against invasions, securing supply lines from South Norway to North Norway, and transporting reinforcements to all sections of the country.

What has been learned from this exercise so far? Rear Admiral Rein said: "The electronic input systems on our escort vessels should be replaced entirely. The same is true of the navy's outdated smaller vessels. There are numerous problems with our command and monitoring equipment, radar, and communications equipment," Rein said. He said our frigates were about to undergo a modernization program to improve their performance in hunting submarines. He described this program as satisfactory.

While the programmed portion of the FLOTEX exercise was underway, which occurred primarily in the Lopp Sea for smaller vessels, the Harstad Naval Defense District conducted mobilization exercises for 1,200 men at posts in Grotavaer, Trondenes, and Stangnes. Rear Admiral Rein said he was extremely satisfied with the speed and precision with which the exercise was conducted. When asked by AFTENPOSTEN if he missed coastal defense installations farther south, Rein answered that the mobility of the naval forces and their ability to be in position within hours if needed, compensated for the lack of such facilities: "Since the naval forces are mostly permanent units, no political decision is required for us to move to a vulnerable region. As a result, our presence also

causes fewer political problems. I must also say that this year's FLOTEX exercise shows that we have a reasonably good chance of fending off any possible attempt to invade Norway along our coasts."

#### Soldiers "Blab"

Tromso, 16 September--The FLOTEX exercise includes 70 percent of the navy's standing forces. Hundreds of Penguin missiles and almost as many torpedos are on board the naval vessels. Last weekend these ships gathered in Tromso harbor between the programed phase, for which a "script" was presented in advance, and the phase during which the ships are to act on their own initiative.

Security regulations for shore leave are stressed, but AFTENPOSTEN learned that a significant number of reprimands have been necessary because the soldiers like to "blab" too much when they are on land. Observers in civilian clothing go to restaurants and bars in Tromso for the sole purpose of "arresting" those who let their mouths run away with them and tell their buddies or girlfriends what they are doing. AFTENPOSTEN was unable to confirm the exact number of security violations, but learned only that there had been "many."

#### Naval Cooperation with AWACS

Oslo AFTENPOSTEN in Norwegian 20 Sep 84 p 64

[Article by Liv Hegna]

[Text] Bodo, 19 September--The Norwegian navy has gained valuable experience from its cooperation with NATO advanced warning aircraft. But our naval vessels are not equipped with the electronic devices they need to utilize these planes fully. This was stated by the commander of the naval forces in North Norway, Rear Adm Torolf Rein, in an interview with AFTENPOSTEN at the conclusion of this year's large-scale national naval exercises.

This year's FLOTEX exercise showed clearly that Norway is at a disadvantage when it comes to electronic equipment on our naval vessels. The AWACS planes are capable of supplying Norwegian ships with sufficient information on their own positions and on enemy forces so that nothing would remain unknown to the Norwegian navy--but this requires data processing facilities on naval vessels.

"At least, we need a breaking-in period in order to utilize the formidable intelligence system the AWACS planes actually represent," Rear Admiral Rein said.

The commander pointed out that no exercises designed to defend oil installations had been carried out: "Antiterrorist groups have been established to prevent acts of sabotage against platforms and other installations, but the navy is not responsible for these groups," he said.

During this year's large-scale naval exercises, however, some measures for protection against nuclear attack were practiced: "Naval vessels can be battened down to provide personnel with some protection against radioactive fallout. The navy is relatively satisfied with the equipment that is available for this purpose. Of course, the same equipment can be used in case of attack with chemical weapons," Torolf Rein said. He added that, although there was always a need for modernization in most areas, the navy did not need to make up much ground in this area--unlike the other branches of the service.

Antisubmarine warfare during this year's FLOTEX exercise clearly showed that enemy submarines are a significant threat to our coasts, according to Rein. He said that the advantages our coastal waters offer enemy subs could also be utilized by our own forces: "The point is that we must have enough submarines," he said. The commander of naval forces in North Norway stressed that the six new submarines Norway is about to purchase are far too few. He said, however, that one good solution to the problem would be to prolong the lifetime of Norway's old submarines of the Kobben class by using them to provide "spare parts" for the others. Rein stated that a total renovation of our fleet was not politically feasible. "We must realize that the Norwegian navy has been given insufficient materiel. We must hope that our position will be stronger in the next round of allocations," he said.

Rear Adm Torolf Rein stressed that, even though Norway had procured fewer patrol boats and frigates than previously anticipated, the navy had learned to utilize the resources at its disposal. The Penguin missiles have added depth to the navy, according to Rein.

He concluded by saying that the advanced age of certain materiel used by the navy could result in failure at a critical moment: "Despite bleak predictions of this kind, I can say that our crews have the ability to utilize our weapons in a reasonable manner. Our crew members are of the highest class," Rear Adm Torolf Rein told AFTENPOSTEN.

Bar Frost Completed

Oslo AFTENPOSTEN in Norwegian 19 Sep 84 p 64

[Article by Liv Hegna and Rolf Ohman]

[Text] Sortland, 18 September--Based on the temperature, this year's Bar Frost exercise could be called a summer exercise. The military must consider changing the time of this exercise, so that the weather is not so mild, according to the commander in chief of North Norway, Lt Gen Ulf Berg, who spoke at the end of the exercise on Tuesday. At the crack of dawn, the defenders, reserve soldiers from the Troms Brigade, made their final and decisive attack against the enemy, Brigade N, well supported by air power and tanks.

The head of the 6th Division, which led the 10,000-man exercise, Maj Gen Cato Gravdahl, told AFTENPOSTEN that the exercise demonstrated a serious need for helicopters attached to the brigades. Gravdahl said that a helicopter squadron was needed for each top-priority brigade in the army. He added that this year's

Bar Frost exercise had shown there was a need for closer coordination between leaders of the helicopter squadrons and the brigade leadership. Otherwise, according to Gravdahl, it had been a gratifying experience to see storm boats of the corps of engineers work together with helicopters and ferries to move large units across the fjords. Three such maneuvers were conducted during this year's Bar Frost exercise: "The last crossing, over Gullesfjorden, exceeded all expectations," Gravdahl said.

Supplies to the two sides in the exercise came by sea from Ramsund and Harstad. When asked how well these supply lines were protected against acts of sabotage and enemy attacks, Gravdahl answered that they could hardly be considered secure today and that this was one topic that would be considered by the military in its evaluation of the exercise. Major General Gravdahl stated, however, that the greatest difficulty encountered had been getting ammunition to the front lines. During the evaluation of the exercise Tuesday morning at Nes, this was also a main topic of discussion.

High-ranking officers with whom AFTENPOSTEN has been in contact stated that the number of days officers and soldiers spent in the field had already been reduced below the minimum required amount. The leader of the brigade in North Norway, Colonel Pran, said during the evaluation on Tuesday that the weakest point of the brigade had been the reduced rifle companies and the fact that 60 percent of the officers were new at their jobs.

He refuted reports that have appeared recently in the press indicating that the Norwegian soldier is in poor condition: "He is in very good shape," Pran said.

This year's Bar Frost exercise presented a major challenge to the medical corps. Advances through rugged terrain made their task more difficult: "It is my impression that the medics are doing a better job now than ever before. It is a position of responsibility to be a doctor in combat situations. A patient whom the doctor would try to help during times of peace must be counted out in battle because the doctor knows the patient will die in any event. I am convinced that we must place a high priority on the medical corps. A good medical service on the front line is a decisive factor for combat morale," Maj Gen Cato Gravdahl said.

9336  
CSO: 3639/165

MILITARY

NORWAY

BRIEFS

ELECTRONIC MATERIEL FROM SIMRAD--Simrad Optronics will deliver electrooptical equipment to the navy at a total cost of 18 million kroner. According to the contract, they will produce range-finders and heat-sensitive TV equipment capable of detecting ships at long range. A press release from Simrad Optronics announced that the company had worked with the navy for a number of years to develop and test this equipment. Simrad Optronics believes that the navies of other countries will also be interested in this type of equipment. The company has already begun negotiations with possible customers abroad.  
[Text] [Oslo AFTENPOSTEN in Norwegian 18 Sep 84 p 35] 9336

ELECTRONICS MATERIEL FROM SWEDEN--Armed Forces Buy Swedish. The armed forces have placed a 200-million-kroner order with the Swedish SATT Communication company, which is part of the large SATT Electronics AB concern. The assignment concerns modernization of the Norwegian antiaircraft defense and firing cable system and went to SATT after stiff international competition. The basis of the assignment for SATT Communication is the agreement regarding cooperation in armed forces materiel which the Swedish and Norwegian governments entered into in 1983. SATT AB has a Norwegian subsidiary company, SATT Electronics A/S, which works on electronic components and has annual sales of 60 million kroner. [Text] [Oslo AFTENPOSTEN in Norwegian 11 Sep 84 p 35] 8985

CSO: 3639/159

MILITARY

SWEDEN

USSR VIOLATIONS MAY BE MESSAGE TO STRENGTHEN FORCES

Oslo ARBEIDERBLADET in Norwegian 7 Sep 84 p 16

[Commentary by Pal Nordenborg: "Do the Russians Want a Stronger Sweden?"]

[Text] Swedish authorities were a little taken aback when they had to listen to the Russians tell them that the protest against the latest Soviet border violation was rejected. It was on 9 August this year that a Scanair plane on the way home to Arlanda with charter passengers was followed by a Soviet fighter plane when it neared Gotland. By means of radar and other radio signals the Swedes could determine how many miles the fighter plane penetrated Swedish airspace, and that at a distance of about 2,000 meters from the Swedish airbus it remained in Swedish airspace for about 5 minutes. Therefore it was a rather solid border violation. Before Swedish fighter planes could come out, the penetrator disappeared.

The following week the Swedes made a sharp protest. Last Wednesday the Soviet charge d'affaires returned to the Swedish Foreign Ministry in Stockholm with the reply from Moscow: Competent Soviet authorities had carefully investigated the Swedish information about a border violation. It can not be confirmed.

No apology, no further explanation. The ball was merely returned to Foreign Minister Lennart Bodstrom. When he received the Soviet reply he said, "We believe that the basis for the protest was very strong. We hoped that our proof would be accepted by the Soviet Union. The Soviet response conflicts with the information which the Swedish Defense Ministry has given the government."

Today both the Swedish Government and the Foreign Affairs Committee are discussing whether the unresponsive Soviet reply should be accepted or not.

An Irrelevant Reply

Obviously it is possible to claim that the Soviet rejection is based on truth. It could be correct that "competent Soviet authorities" did not

succeed in confirming what the Swedes saw with their detection equipment. The formulation used in the response could contain an admission that the competent ones are not so competent and that they may have problems determining whether a flier in an armed fighter plane has penetrated another country's airspace.

And to split hairs still more: By recognizing the Swedes' diplomatic protest the Russians would be at the same time admitting that the Swedes saw them at a distance. But a Soviet confirmation would then be a confirmation that they had seen the same thing as the Swedes, meaning an admission that Swedish territory is being carefully watched over by the Soviets. Then it is better to say nothing, break into a smile, or give an irrelevant reply.

#### Submarine 137

After submarine 137 ran aground on Torumskar at Karlsdrona 3 years ago, the question of what is going on in the Baltic was frequently raised. A number of assumptions were advanced that the Soviet Union is in the process of revising its war plans in Europe, and the rough treatment they are dealing out to their neighbors on the other side of the Baltic is an expression of that.

Political developments in Central Europe or the general tendency to rearm may be behind the increased military training activity in the air, at sea and under the sea in a way that the Swedes especially will notice. The Russians have also increased their amphibious capacity in that area. A part of this picture is the idea that the Soviet Union at least wants to give the impression that it will be capable of breaking out through the Danish Sound and Belts, or through Sweden to the Norwegian coast.

#### The Tip of the Iceberg

It seems to be the general impression among Swedish debaters that the submarine question is only the tip of the iceberg. That was presented, among other places, in the latest number of INTERNATIONELLA STUDIER, which is the periodical of the Swedish Foreign Policy Institute. Here Steve Lindberg, researcher at the Abo Academy and editor of FINSK TIDSSKRIFT, put it this way: Even if not all the submarines in the Swedish archipelago have been submarines or Soviet, they must be seen as a part of a greater process.

Military strength as a direct means of political influence has made its entry into the Nordic countries. The Soviet Union is sending military signals to Sweden. Both the continuation of the submarine violations and the relatively haughty and ironic tone used when the Swedish protests are rejected, indicate that it is not just a matter of secret military operations. The assertion that the Soviet leadership intends, through military buildup, to create new power relationships which other states must pay attention to now applies also to Sweden.

### A Stronger Sweden

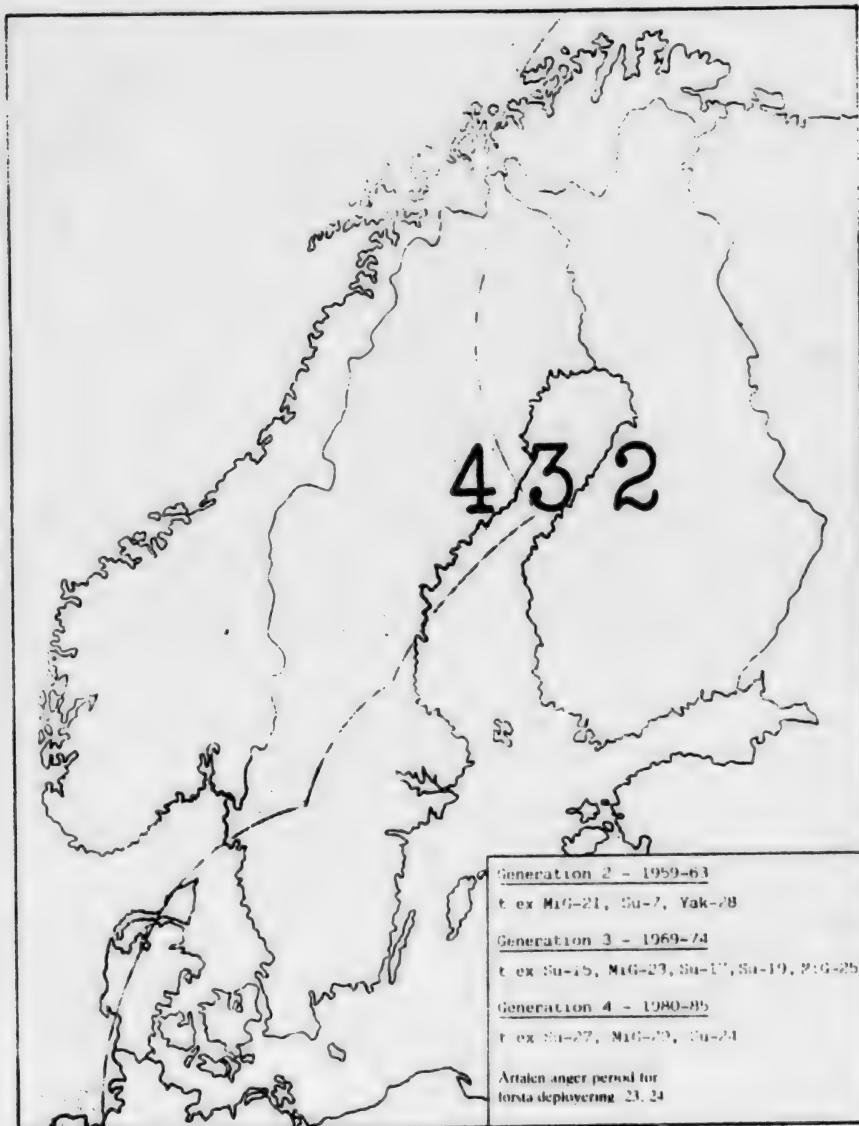
But what does the Soviet Union want to achieve by repeatedly demonstrating its own strength and the relative powerlessness of the Swedish defense, asks Lindberg. Apart from the development of Soviet military strength and view of neutrality--the Soviet Union among others has never been enthusiastic toward neutrality as such, but only toward the advantages it can bring--he offers three hypotheses as to the intention of the Soviet neutrality violations.

The first is that the Soviet Union is trying to reestablish Swedish armed neutrality, the Swedish regional great power. The second is that the Russians are trying to get Sweden to conduct a neutrality policy more friendly to the East, sort of a "Finlandized" Sweden. The third possibility is that the Soviet Union wants guarantees that Sweden both can and will guard its neutrality in all situations, at the same time as they want Sweden to realize its geostrategic position and conduct a policy more friendly to the East. Therefore Sweden is to be, paradoxical enough, both a regional great power and to a certain extent "Finlandized."

### Would Take a Long Time

It is the third possibility that the author of the article seems to delineate for today's Sweden. Sweden is trying to restore correct confidence. The present government appears to be strengthening its war readiness by among other things investing in the multipurpose combat aircraft JAS and a strongly expanded missile protection of Sweden's exposed border areas.

The military part of such an alternative could, through the Palme Government's rather significant investments in defense, be gradually accomplished. But according to Finnish researcher Lindberg, building up a confident relationship appears more difficult to do. Among other things, public opinion must be convinced. As things are now, that would have taken a long time even before the last aircraft violation took place.



Caption: Illustration in the latest number of INTERNATIONELLA STUDIER. The fourth generation of postwar aircraft gives the Soviets the capability of opposing cruise missiles over the greatest part of Swedish territory from the beginning of the 1990's.

9287  
CSO: 3639/163

**AIR FORCE TO DISPERSE VIGGEN BASES TO GREATER DEGREE**

Stockholm DAGENS NYHETER in Swedish 11 Sep 84 p 7

[Article by Rune B. Axelsson: "New System for Viggen Bases; Air Force Spreads the Risks"]

[Text] Hagshult, Monday--Deep inside the wooded countryside of Smaland the Air Force is testing for the first time, in complete secrecy, a totally new structure of wartime bases and the organization around it. This involves a new system which is to be in general use in 1990 and is called Base Program 90.

Over 1,700 men are included in the so-called base battalion which is conducting exercises. About 50 aircraft, mostly Viggen, hurtle through the air and land with uncanny precision even on the ordinary highway network. Servicing is carried out by mobile units at varying locations around the woods, and for the first time there is large-scale training of entirely new commando units with dogs, which are to be used to defend the new dispersed bases.

It is the increasingly more modern aircraft and the increasingly sophisticated weapon systems which have caused the Air Force to reconsider the design of its wartime bases. The old ones are too exposed to enemy attacks.

From having been concentrated units, built around a single emergency airfield, the new bases are a complicated facility, consisting of several landing strips, a developed maintenance and command system, spread over 200 square kilometers.

**The First Base**

The first completely built-up facility is located around Hagshult in Smaland. The so-called YA field, which is a military airfield used by civilian aircraft on a daily basis, is to be found here. There is a prepared emergency landing strip on European Highway 4 and additional strips for takeoff and landing.

All around the woods are parking sites for aircraft. By continuously being able to fit these into different pockets, enemy intelligence regarding them is made more difficult. A novelty is that the aircraft can be made ready for flight by mobile patrols, which find, fuel and service the aircraft wherever

they are located. This can be done just as rapidly here in the forest as any major power is able to accomplish the same task at well-protected bases.

#### A Large Number of Top Brass

"We are very satisfied with both the new base and the organization which is to keep it going," says Major Tommy Kahlin of the Air Staff, who heads the instruction.

On Monday a large number of representatives of the highest command were present.

Among them were Air Force Chief Gen Sven Olson and former Supreme Commander Stig Synnergren, who this time was here as head of the King's staff. Also present was King Carl XVI Gustaf as the only four-star general.

The exercise area has been shut off to all outsiders since last week. Every square meter is patrolled with dogs and no one can even approach the exercise area without valid authorization. The highway traffic on the outskirts of the training area is forbidden to stop, and signs on every other tree warn that no one is allowed into the area. Lingonberry pickers should not even bother to try.

#### Commando Units

During the course of the "war" the entire organization is tested within a so-called base battalion. Here are tested the logistics, the capability of the engineer platoons to quickly repair blown-up landing strips, the ability of the rescue service to take care of crashed and burning aircraft, medical care, tactical control and maintenance.

The exercise is as realistic as peacetime conditions permit.

In connection with it, an entirely new type of commando unit is being tested. These units consist of soldiers whose duty is to protect this kind of base against sabotage.

These soldiers are the marines of the shore. They are tough, camouflaged and move about in all environments on land and water. To assist them they have impressive-looking, well-trained dogs, trained in tracing saboteurs.

The Army has abandoned using its dogs, which were previously used at a number of Norrland units. In the new organization it is the Air Force which will call for well-trained tracking dogs. About 1,000 of them must be mobilized, if preparedness is to be maintained in the new base organization.

#### The King

Among the most interested was King Carl XVI Gustaf. He devoted himself not only to close scrutiny of all the new materiel and equipment being tested

during this military exercise. He also took the opportunity to climb up on aircraft and talk to Viggen pilots, for example Gilbert Hagg from F 17 in Ronneby.

During the next two days the strike and fighter aircraft will continue to exercise from Hagshult. After that, everything will return to normal again.

11949

CSO: 3650/279

**OFFICER, SCHOLAR SAYS COUNTRY PREPARED TO DEFEND NEUTRALITY**

Stockholm GNISTAN in Swedish 8 Sep 84 pp 7-8

[Interview with Lt Col Jan Blomqvist of the Defense Staff by Lars Stroman; date and place not specified]

[Text] Why Interview a Military Man?

The fact that we are publishing an interview with a representative of the Swedish military does not mean that Red Youth uncritically supports everything the Armed Forces do or stand for. You who are going to sign up or do your military service in a few years will surely discover a lot of things you would like to change: stupid regulations, officers and NCO's who perhaps should try another line of work, and so on.

But we feel that Sweden must defend itself if there is a war. Jan Blomqvist is a well-informed person who shares that opinion and tries to show that it is in fact possible.

Red Youth's political program says this about defense and foreign policy:

"Sweden must defend its national independence and self-determination. Red Youth works for the broadest possible unity among the people toward that end. We therefore support the idea of a strong defense based on universal conscription for men and women. Universal conscription also helps reduce the danger that the military will be brought into action against the people in a period of heightened class conflicts. The existing legal possibility of using military troops against the people must be removed.

"We call for a foreign policy through which Sweden, at the United Nations and in other ways, will firmly defend the freedom and independence of all peoples and nations, condemn the arms buildup by the superpowers, and stigmatize

every form of racism and aggression while also working to see that the small countries stick together."

#### Interview

"We must prevent the superpowers from coming here and 'helping' us."

That is how Lt Col Jan Blomqvist of the Defense Staff explains the objective of the Swedish Armed Forces. And there is no lack of examples of nations that have been subjected to superpower help: Czechoslovakia, Afghanistan, Grenada, and so on.

But will Sweden be able to defend itself against an attack by a superpower? What about the nuclear weapons that Europe is crammed full of? And can we avoid a surprise attack?

Jan Blomqvist sits only a few meters away from the office of the supreme commander of the Swedish Armed Forces. His job is to make sure that Sweden's defenses are adapted to the reality in which we live. Or, as the Defense Staff puts it, he works in the Department for Strategic Studies and Planning.

Jan Blomqvist is a scholar who decided in the 1960's to make the military his career. He is careful with his words--he thinks before saying anything so that what he says cannot be misinterpreted.

[Question] The Swedish Armed Forces are quite strong, of course. We would have 800,000 soldiers if there were a mobilization. But if there is a war, you will in all likelihood have to expect the use of nuclear weapons. Will we have any chance in such a situation?

[Answer] There are very few strategists who believe it is possible to conduct a war with nuclear weapons. Nuclear weapons are political. Their purpose is to deter attacks and make it possible to exert political pressure.

But if nuclear weapons are to serve as a deterrent, one must also be able to make it credible that they will in fact be used. To make the nuclear threat effective, the big powers come up with various doctrines. The NATO side says that in certain situations, it may consider the first use of nuclear weapons. The other side says that if that happens, it will respond with all-out nuclear war and so on. The result is a rather confused debate. But it is becoming less and less clear how a nuclear war will take place. Neither of the superpowers has any credible planning as to how nuclear weapons would be used.

In other words, I believe that neither side knows how it is going to win a war with nuclear weapons. So I believe that an awful lot will have to happen before nuclear weapons come into use in a war.

[Question] But we have heard that before about other weapons. When bombers began to be developed in the 1930's, many people thought that the big bombers would make war impossible. But massive aerial bombing raids nevertheless became a part of World War II.

[Answer] That is true. And if we go even further back in time, we see that people also thought the machinegun would make war impossible.

Now I am not saying that nuclear weapons make war impossible. But I don't believe that nuclear war is probable today, because no one has shown in a credible way that it is possible to win a war with nuclear weapons.

Look at Vietnam. It represented a tremendous loss for the United States--55,000 dead soldiers are a lot. Added to that was a tremendous loss of prestige--it was the first war that the United States had ever lost.

The United States had the military capability for defeating Vietnam. It could have sent in nuclear weapons, but it refrained from doing so.

One must never say never. But there are powerful restraining factors to prevent a nuclear war.

I feel that a nuclear war will have to be preceded by a conventional war. If Sweden can stay out of a conventional war by maintaining a strong defense, that also reduces the risk that we will be hit by nuclear weapons.

[Question] Are nuclear weapons in any way a part of today's military planning?

[Answer] We cannot protect ourselves against today's nuclear-armed ballistic missiles. And none of the nuclear powers claims that it can protect itself against them, either.

But we must see to it that we will not be at a loss if someone threatens to use nuclear weapons against us. The Armed Forces must not fall to pieces because of single nuclear charges.

Single nuclear charges exploding in our territory will not necessarily mean catastrophe from the military standpoint.

Sweden is an unrewarding target for nuclear weapons. It is sparsely populated. We do not have big cities like those existing in many other industrial countries. And we have comparatively good protection in which we invest a great deal of money. Although perhaps not enough.

[Question] So it is possible to protect oneself even from nuclear weapons?

[Answer] If you happen to be in the immediate radius of devastation when a nuclear weapon hits--and that radius is naturally a big one--you will simply be vaporized. But even at rather short distances from the point of impact, one can reduce injuries quite considerably through surprisingly simple measures.

If you sit against the wall in an ordinary residential cellar, you will escape heat radiation, initial radiation, and the shock wave. If you then have a protective mask and can get away from the area quickly and in the right direction--that is, against the wind--you can also escape the radioactive fallout with quite moderate radiation damage.

You may develop cancer 10 years later. But the point is that it can be worthwhile to try to protect oneself even against nuclear explosions.

When the bomb fell on Hiroshima, the air raid alert did not even sound. If people had only had an air raid warning and had known where to go, a great many of them would have come through it. It would obviously be disappointing if a bomb were dropped on Stockholm--and the people living in Sodertalje were to die just because they did not know the right steps to take.

Another thing we must remember is that an atom bomb twice as powerful as the one dropped on Hiroshima does not wreak twice as much havoc. There are bombs several hundred times more powerful than the one dropped on Hiroshima, but they do perhaps four to six times as much damage.

But I am in no way minimizing nuclear weapons. There are a fearful number of them in the world today.

[Question] If the Soviet Union and the United States begin sending cruise missiles in all directions over Sweden, will we be able to shoot them down?

[Answer] If we detect them, shooting them down will be an easy thing in itself. A cruise missile is a stupid, unmanned aircraft, and it flies poorly besides.

The danger is that cruise missiles will be used in large numbers. Our air defense can be compared to a fence. We can decide how close together the railings should be, but the fence will never be completely impenetrable.

[Question] And then someone will come along and occupy Sweden on the pretext that we cannot defend our territory.

[Answer] No country has a completely impenetrable air defense, of course.

We must weigh the various threats. It is dangerous to concentrate only on one threat, and at the same time, it is hard to be best at everything. Our capability must be so good that no superpower will say it needs to come here and "help" Sweden.

[Question] That kind of "help" can come quite unexpectedly.

[Answer] Let us look at Afghanistan and Czechoslovakia, which were invaded by the Soviet Union, or at Grenada, which was occupied by the United States. Those invasions occurred quickly, but even so, we could see beforehand that something was brewing. They did not come as a surprise.

We put a great deal of effort into keeping informed. That is our first line of defense. And of course, we have emergency platoons and units that can be mobilized quickly for rapid deployment.

[Question] When I watch TV programs about the U.S. Army or the Soviet Army, I see that the soldiers receive rock-hard training. Is Swedish training up to the mark in comparison with other countries?

[Answer] Yes, I very definitely think so. Thanks to our conscript army, we can choose the best for the jobs we have. We can take advantage of the fact that Sweden has a well-developed educational system. Even in the case of advanced technical jobs in the Armed Forces, we spend very little time training people in the basics. We can go directly to the base of training them for their specific job.

We do not train individuals, of course, but units--and units are often no faster than their slowest component.

We are worried about training time. It is barely sufficient. But our quality and strength mean that the Swedish military forces are a very important element in the Nordic region.

[Question] But aren't the Armed Forces a little too dependent on NATO? Thirty percent of what we need for defense comes from abroad, most of it from NATO.

[Answer] We do not import from NATO, but from individual countries that are members of NATO.

Our aspiration is to maintain a high level of self-sufficiency. That is why we build our own aircraft, which are adapted to Swedish conditions. American visitors do not believe their eyes when they see our road bases and the way fighter planes land and are made ready for the next takeoff by conscripts. That would be impossible if we bought the F-16, for example, from the United States.

But when we do buy abroad, we insist on having all the related equipment in Sweden. It would obviously be cheaper to buy a few interceptor missiles abroad and then order more if the danger of war increased.

But doing that would also open the door to pressures from abroad--it would make it possible for the seller to impose conditions in exchange for delivering the equipment.

[Question] The Swedish Navy has hunted submarines several times without any great success. If you decided to sink the submarines, would you be able to do so?

[Answer] This is a matter of a sliding scale. Our purpose, of course, is to force them to the surface. We have run an ever-increasing risk of sinking one in our efforts to achieve that goal. But dropping a couple of depth charges on a submarine and hoping it will be damaged and forced to the surface is a little like firing buckshot at a crow and hoping you injure him in the leg.

It is always difficult to hunt submarines, especially in the Baltic Sea and our archipelagos. And it appears that we are not hunting just ordinary submarines but small subs that have great endurance.

[Question] How serious is the submarine threat? Will Sweden be able to stand up to it if there is an external threat to Sweden?

[Answer] With mobilization, we would naturally have much greater resources. And that would also increase the possibility of finding the submarines.

But what is serious about the submarine threat today is the fact that they are threatening our integrity and the credibility of Sweden's peacetime defense.

[Question] Is this primarily a political weapon, like nuclear weapons?

[Answer] It may be taking comparisons a little too far to compare it with nuclear weapons. But gunboat diplomacy does go back a long way. When a big power sends out warships that position themselves off the coasts of other countries, the purpose is to show the big country's power.

11798

CSO: 3650/284

**INDUSTRY GROUP SEEN WILLING TO DEVELOP NEW AIR-TO-AIR MISSILES**

Stockholm SVENSKA DAGBLADET in Swedish 7 Sep 84 p 31

[Article by Erik Liden]

[Text] Farnborough--"We are willing to make an initial investment of 200 to 300 million kronor to develop a new Swedish air-to-air missile for the Viggen and JAS, if the government is prepared to take a similar risk." A Swedish industrial group including Saab-Scania, Bofors, and Ericsson will present this message to Defense Minister Anders Thunborg at a meeting several weeks from now.

A totally new air-to-air missile of Swedish design is a project that would cost on the order of 3 to 4 billion kronor.

"It now costs 1.5 billion kronor to develop a missile of this type for the JAS 39 Gripen. If we are to have a genuine chance of developing this missile project in Sweden, we must have cooperation and investments from both the industry and the military," said Per Risberg, head of Saab-Combitech in Jonkoping.

"Ultimately, a project of this type will require the expressed support of the government and a parliamentary resolution prioritizing the use of Swedish missiles in our armed forces."

Decision By 1987

According to the Defense Ministry's purchasing agents, commander in chief Lennart Ljung must present concrete plans by December of this year on Swedish missile purchases from now until the end of this century.

Parliament must set our defense course and the commander in chief must appropriate funds for all three branches of the military in the defense resolution of 1987 or earlier.

Now the industry is also prepared to match state funds to develop a new air-to-air missile.

The six major Swedish missile and electronics firms--Saab-Scania, Volvo Flygmotor, Bofors, Ericsson, Philips, and SATT (Ahlsell Group)--are now discussing a joint agreement.

"It is important to guarantee jobs and technological expertise by utilizing the enormous possibilities Sweden has to continue developing and producing modern missiles for our military," said Bertil Carlsson, PR director at Philips Elektronikindustrier in Jarfalla near Stockholm.

#### Yugoslavian Order

Yugoslavia recently ordered a sea surveillance system for 150 to 200 million kronor which, by the way, is the same system with which the Swedish surveillance centers on Musko in Karlskrona and in Malmo are equipped.

"We at Bofors are aware of the enormous possibilities of the missile industry and are open to discussions that could lead to cooperation," information secretary Per Mossberg told SVENSKA DAGBLADET in Farnborough.

"We are prepared to discuss the possibilities for cooperation in the area of missile development and production that undoubtedly are available in Sweden," said Ulf Johansson, director of Ericsson Radio Systems. The technology is available, but quick decisions must be made if Sweden is to maintain its high standard in this field.

"We must be able to document Sweden's recognized technological expertise in the missile field," said Arne Wittlov, technical director of Volvo Flygmotor in Trollhattan. The engine technology in the missile project is extremely important and, as in the area of aircraft engines, Volvo can utilize international cooperation to develop and manufacture modern missile engines.

#### Thunborg Positive

Earlier this summer Defense Minister Anders Thunborg, who is now on an official visit to France, stressed the need for Sweden to have a competitive missile industry as a strong support for Swedish security and neutrality.

9336

CSO: 3650/280

**GENERAL DISPUTES ARMED FORCES' CHIEF REGARDING NEED FOR TANKS**

Stockholm SVENSKA DAGBLADET in Swedish 29 Aug 84 p 3

[Article by Sigmund Ahnfelt, major general and former military commander of Bergslagen. Stig Barke's article appeared on 1 Aug]

[Text] In late June the government directed the commander in chief to create a long-range plan for the military that would take effect after the 1986/1987 fiscal year. The directive indicated that one alternative to be studied would include phasing out our tank brigades. They would be replaced by a number of mechanized units that could be complemented with modern antitank systems.

Thus, this is not a decision, but one alternative among others to be studied. The decision to conduct this study has attracted much attention. Among others, the commander of the P 18 tank regiment, Col Stig Barke, has criticized the study on this page of SVENSKA DAGBLADET.

There is reason to share Colonel Barke's concern over the possible consequences of this alternative. The views presented by Barke seem to be well-founded. Reservations must be expressed on one point, however. Barke wrote: "The question is simply whether or not any units other than tank units could actually win a battle on a modern battlefield."

**An Exaggeration**

This is an exaggeration. Over half the surface area of our country is covered with forests and other terrain in which it is difficult or impossible for tanks to operate. Here, infantry brigades are the "master weapon." There are relatively few large, open plains, which are particularly well-suited for tank operations.

Unfortunately, however, areas of this type in our country are particularly vulnerable, in case of attack. This is especially true in Scania and Halland. In Uppland and Vastergotland, for example, the large flatlands are farther inland.

After a coastal invasion with air support on flatlands, the attacker may move quickly deep into Sweden. A strong effort by Swedish tanks--working together

with other ground forces, as well as naval and air forces--is a prerequisite for Swedish success in operations of this type.

#### Effective Units

We have never had many tank units in our country. Thus, the defense resolution of 1958 would have increased the number of tank brigades from six to eight. There never were more than seven, however, and those that did exist often operated with outdated equipment.

As a result of budget cuts and price increases, we now have only four tank brigades, in addition to one mechanized brigade--a unit that is qualitatively better than an infantry brigade, but not as good as a modern tank brigade.

But these few tank brigades are highly effective operative units, composed of well-coordinated tank, motorized infantry, engineering, and other units. The tank brigades possess strong fire power, versatility in difficult terrain, and mobility. The fighting troops are transported in well-protected armored vehicles.

#### Defense In Depth

Our defense against invasion is a defense in depth, by which we attempt to ward off the enemy in coastal and border regions. Our defenses against coastal and air invasion are thrust forward by the efforts of our air force and navy over, on, and under the sea. The defense of our borders is thrust forward by the efforts of our fighter-bombers, paratroopers, and other commando troops.

If we should fail to fend off an attack in some coastal or border region of our country, we are prepared to defend ourselves farther inland. In that event, our goal is to regain occupied territory as soon as possible.

Our armed forces must be organized and our operative and strategic leadership trained in such a way that we are able to master any situation that could arise when our Swedish defense in depth is called on to counter the attack of a superpower. Several examples follow:

A superpower could have the upper hand during an attack. In that event, we must concentrate our forces and march toward our borders and coastlines in battle. Without question, the best ground units for operations of this type are our tank brigades, with their enormous fire power, mobility, ability to operate in difficult terrain, and good protection.

Assume that the aggressor has taken a bridgehead in Scania and is preparing for a continued attack deep into Sweden. In this situation, our forces must counter-attack, take the enemy's beachheads, and defeat the forces that have landed. The necessary force and quickness can be achieved only by tank brigades. Other brigades also have important tasks--to defend retaken territory, to protect the flanks of the tank brigades, and to replace tank units before they are worn down and while they are still able to reorganize in a relatively short time.

We may be unsuccessful defending an open coastal region and be forced to retreat to better protected terrain farther inland. It is extremely difficult to disengage infantry brigades and other units during battle in open terrain. Tank brigades that take to the offensive are the best weapon for an operation of this type.

#### Reduced Capabilities

Hopefully, the alternative described here will never be carried out. It would reduce our ability to coordinate effective fighting units and it would weaken our most effective weapons. This would reduce the capabilities of our defense in depth.

Hopefully, too, no one will consider reorganizing the "cudgel of the commander in chief"--the fighter-bombers--for example by dividing them up among the commanders of the various military branches. That would be just as ill-conceived as dividing up tanks, armored vehicles, and other units into qualitatively weaker brigades.

9336  
CSO: 3650/280

**NAVAL COMMANDER SAYS COMMITMENT LACKING IN ANTISUB DEFENSE**

Stockholm SVENSKA DAGBLADET in Swedish 29 Aug 84 p 3

[Article by Goran Frisk, naval commander serving with the planning department of the naval staff]

[Text] The government has given the commander in chief the task of putting together a functional antisubmarine plan by 15 October. The directive was issued in June 1984. In a sense, the government is trying to add the yeast after the dough is in the oven, for much has happened and is happening apart from the government's instructions. A brief review of events may be of use here.

After the incident in September 1980, the naval chief took steps costing about 50 million kronor. This included the procurement of weapons for such incidents.

After the U 137 affair in October 1981, the so-called 200 package was included in the defense resolution of 1982. This included the purchase of vedette patrol boats, the conversion of the three naval helicopters that had not yet been modified for antisub activities, and the purchase of mobile and fixed reconnaissance systems.

**Large Number Of Incursions**

After the Harsfjarden incident in October 1982, the Submarine Defense Commission presented its recommendations in April 1983. According to them, four air force helicopters would be converted for antisub operations and four mine sweepers of the Landsort class would be purchased earlier than scheduled. These measures cost about 250 million kronor. In addition, it became more difficult to enter military facilities.

A large number of incursions occurred in 1983. Of particular interest was the appearance of three divers in a military area in the northern part of the Stockholm Archipelago in September. These events resulted in the so-called 50 package, which included the purchase of mobile and fixed reconnaissance equipment.

The Karlskrona incident in February 1984 resulted in a defense agreement among the party leaders. This led to antisub measures such as the early purchase of four coastal corvettes of the Goteborg class and new antisubmarine torpedos. In

addition, reconnaissance equipment on patrol boats and helicopters was improved. This time the cost was about 600 million kronor.

#### Agreement Ends

It is difficult to say precisely where these funds were found. There were some new allocations and some funds were redistributed. Clearly, considerable naval funds were transferred from other areas to antisub functions.

The measures listed above were undertaken after the proper procedures were followed by the government and parliament. Apart from the four air force helicopters, no major transfers were made within the military. These helicopters will be transferred to the navy within several years.

There is strong agreement between the military and the government on the importance of these antisub measures. But there the agreement ends, as indicated with intentional clarity in the directive: all future costs for antisub measures will be covered by funds already in the military budget.

This must mean that some present military activities are unnecessary and can be eliminated in order to pay for antisub defenses. The government must be aware of the battle this will cause within the military. Civilian agencies affected by the antisub measures, on the other hand, may receive additional allocations. These agencies must make recommendations as to how these measures should be financed. What will the consequences be?

The bizarre discussion over which incursions have occurred after the Karlskrona incident need not continue. Whether there were more or fewer incidents in 1984 than in 1983 is totally irrelevant, as long as incursions such as the one in Karlskrona last spring continue.

One thing is clear, however, namely that the personnel involved in the continuing submarine hunt are convinced that they are hunting real submarines. Apparently, the government and the commander in chief agree, judging from the quantity of directives and statements they have made on this topic.

#### Reduced Confidence

Unfortunately, some parts of the government's directive have prevented the rapid procurement of ships and planes for our antisub defenses. It is a fact that the confidence of our personnel in the highest level of leadership is weakened if it appears that this leadership is not doing everything possible to provide us with the best equipment in the shortest time. The defense minister has stressed repeatedly, however, that the present submarine hunt is extremely important for Swedish credibility, even though we lack the necessary equipment.

The latest government directive contains several positive points, however. One is that the submarine hunt must be possible in times of war and of peace and that it must be based on our policy of neutrality. This is in sharp contrast to previous statements that the submarine hunt could be discontinued.

This seems to reflect an understanding that the number of incursions increased significantly when our antisub destroyers and frigates were phased out during the early 1980's. Perhaps that is poor consolation to the naval chiefs who stressed this danger to deaf ears for 15 years.

#### Worst Enemy

The old truth still holds--that reality is the worst enemy of politics, including defense politics. It is relatively obvious that establishing a balanced defense against submarines will cost many hundreds of millions of kronor. To be sure, most of the ships and helicopters may be used for other tasks, as well, but there is no shortcut to submarine defenses with a deterrent effect. Many ships and many helicopters are needed.

The government's directive is also positive in another respect. The government wants antisub activities to be coordinated by a leader under the military commander in times of war and of peace. This will provide better efficiency than the current arrangement. We must at least use the small resources we have in a professional manner. This is more likely to happen if the two naval branches, the fleet and the coastal artillery, are coordinated into a common system for hunting submarines.

Throughout his term, outgoing naval chief Per Rudberg has sought to coordinate the fleet and the coastal artillery in both war and peace. This work has proceeded slowly, but at least it has moved in the right direction. The government directive probably will be the impetus needed to complete this task.

The nation that is violating Sweden's territorial waters understands fully the significance of our naval forces. The intruder is utilizing naval power in such a way as to create the maximum possible insecurity, in an area where the defender has scrapped his means of defense.

These acts are similar to the Russians' destruction along our eastern coast in 1719 before peace negotiations with Sweden following the long Nordic War. At that time, Sweden barely managed to survive with the help of naval and land forces. The Peace of Nystad in 1721 was rough, but bearable. Whether or not we can survive today is still unclear.

The government also indicates in its directive that we must be capable of meeting the rather complex challenge that would arise if both superpower blocs were to use Swedish territorial waters for their own purposes. What will we do if the Soviets launch cruise missiles against NATO stockpiles in Norway from submarines in Swedish territorial waters?

A quotation from Chairman Mao may be twisted somewhat in the following manner: Every nation with territorial waters has a navy protecting them--its own navy or someone else's. The fact that our navy is now competing with another navy for this job should stimulate some serious consideration and action at the highest political level in our land. Perhaps we should view the government's directive in this light?

**ARMED FORCES MUST BE GIVEN MORE FUNDS TO STOP INTRUSIONS**

Stockholm SVENSKA DAGBLADET in Swedish 30 Aug 84 p 2

[Editorial: "Better Preparedness"]

[Text] The report from the 1983 Inductee Training Committee is one of the clearest indications to date that the submarine intrusions are being taken seriously by politicians and officials in this country.

Even earlier, a shift in emphasis could be observed in official statements on our long-range military goals. Questions of preparedness--especially preparedness for various types of incidents--have been emphasized more and more and, at least between the lines, defense against a possible invasion has been toned down.

This was indicated by the government directive to the Defense Committee. Preparedness and protection against various incidents were stressed even more strongly in the first section of the commander in chief's long-range plan. Nevertheless, there are differences of opinion within the military on this topic. The debate that is just beginning over whether or not to purchase additional coastal corvettes may be seen in this light.

The Inductee Training Committee goes all the way in this direction. Its entire proposal is based on the assumption that we must increase our preparedness. This will have an effect on the structure of military units, the length of military training, and the curriculum that recruits study.

For natural reasons, the entire topic of Swedish preparedness cannot be studied thoroughly by a committee whose primary task is to examine recruit training. Consequently, the report stressed that it was providing some general directions that could later be used in conjunction with a number of other factors. In particular, all operative considerations were outside the scope of the committee's work.

A central point in the continuing examination of this subject--which will be carried out by the newly appointed Defense Committee and by military officials themselves--is the effect a stronger emphasis on preparedness will have on the effectiveness and endurance of our invasion defenses. It is all-too tempting to take money now from our invasion defenses to build up our preparedness, but

obviously that is unacceptable.

The intrusions into Swedish waters and Swedish air space show that the Soviet Union has a greater interest in Swedish territory than we previously assumed. Obviously, we cannot respond to this situation by weakening our defenses against invasion.

Clearly, Sweden's preparedness must be strengthened. But this must not be done at the expense of our invasion defenses.

The conclusion is unavoidable: the military must receive more money. Disarmament belonged to the seventies--when reality changes, then defense policy must change with it. The Inductee Training Committee has understood this and is passing the baton to the next committee.

9336  
CSO: 3650/280

## INDUSTRY MINISTER TO VISIT BULGARIA IN BID FOR INCREASED TRADE

Copenhagen BERLINGSKE TIDENDE in Danish 20 Sep 84 Sect III p 2

[Article by Erik Bendt Rasmussen]

[Text] Ib Stetter will be the first Danish minister of industry to pay an official visit to the Plovdiv fair of Bulgaria next week. Ib Stetter will head a Danish trade delegation which has been composed of representatives of the ministry, the Federation of Danish Industries and industry. The fair will have an official information stand on Denmark and our industry, in addition to a number of Danish exhibitors with their own stands. Denmark has got a sharply increasing export to Bulgaria, which is interested in purchasing more, but Bulgaria is also interested in a larger export to Denmark because we do not buy very much from the Bulgarians. At the fair it will be possible to make contacts for trade both ways.

"In 1982, Denmark exported 61 million kroner worth of goods to Bulgaria, and in 1983 our exports jumped to 135 million kroner," says P.L. Hoffmann, a consultant of the Federation of Danish Industries, who is a member of the Danish delegation. "The figure has increased so sharply because Bulgaria has a good economy. The country has got next to no debt and has done big business in the Middle East. The agricultural sector has fared well for several years, and it, therefore, has not been necessary to import foodstuffs."

Bulgaria puts a high priority on the tourist and foodstuffs sectors. Great emphasis is put on attracting an increasing number of tourists to the country, and that presupposes that the country has a foodstuffs industry which will provide hotels, restaurants, inns and shops with sufficient amounts of foodstuffs. Danish industry may gain a foothold here in helping the country build up its foodstuffs industry.

A number of Danish businessmen are expected to attend the Plovdiv fair, several of whom are already familiar with sales to state trading countries.

"One has got to realize that in order to sell things in Eastern Europe, one often has to be ready to sell according to traditional, local methods of trade. On the point of obtaining a contract, one may encounter wishes that, in return, one helps Bulgarian export to Denmark," says P. L. Hoffmann.

In 1983, Bulgaria exported 38 million kroner worth of goods to Denmark, and the exports included 7 million kroner worth of clothing, 7 million kroner worth of fruits and vegetables, 3 million kroner worth of wines, 5 million kroner worth of drugs and pharmaceutical products, and 3 million kroner worth of machinery.

Denmark's exports to Bulgaria amounted to 135 million kroner, including 73 million kroner worth of machinery, 17 million kroner worth of drugs and pharmaceutical products, 17 million kroner worth of technical and scientific instruments, and 10 million kroner worth of hides and skins.

The Federation of Danish Industries has arranged a number of symposia on Danish industry with the corresponding organization in the exhibitor country, the Bulgarian Industrial Association. Minister of Industry Ib Stetter and the members of the delegation will meet with Minister of Foreign Trade Khristo Khristov and a number of other Bulgarian state officials within the trade sector.

7262  
CSO: 3613/228

**DECLINING MILITARY ORDERS SPUR MTU SHIFT TO CIVILIAN MARKET**

Duesseldorf WIRTSCHAFTSWOCHE in German 7 Sep 84 pp 64-66

[Article: "On a New Course"]

[Text] In the midst of the recession in world air traffic, the aircraft-engine firm MTU [Motoren- und Turbinen-Union] energetically expanded its civilian commitment. The expected decline in military business is forcing this new strategy.

There should be no failure for lack of money. Eberhard von Kuenheim was prepared to dig deeply into the firm's cash box. He would enter into this enterprise at almost any price, the BMW-chief admitted to an intimate group. But the rumors that MAN wanted to separate himself from its share in MTU-Munich were probably somewhat premature. It also seems difficult to imagine that the second partner in MTU, the Diamler-Benz AG, would have permitted the marriage of its automobile rival into the firm. In addition, it is said that MBB-chief Hanns Arnt Vogels has already cast covetous glances in the direction of Munich-Allach. He is increasingly pursuing a policy of acquiring holdings "to compensate for one-sided risks." And he is thereby thinking mainly about "medium-sized firms with a healthy cost structure."

He would be right on target with MTU. After all, management chairman Ernst Zimmermann also likes to characterize his company as an "aspiring middle-class enterprise." With 12,300 employees and sales of just under DM2.2 billion, the MTU-group has, of course, already grown to a respectable size; it was able to show a before-tax profit of DM29.5 million in 1983.

And MTU is only 15 years old. At the time of its founding, MAN and Daimler-Benz combined their activities in the aircraft-engine sector in the joint subsidiary. They also put their business activities in the area of high-speed diesel engines into this new enterprise. According to commercial law, to be sure, MTU-Munich (aircraft engines) and MTU-Friedrichshafen (diesel engines) are marching separately, but the enterprises are under the control of a common management.

In the 15 years, the builders of diesel engines developed rather rapidly into a leading manufacturer of this branch. In the capacity range of between 400 and 10,000 horsepower, they manufacture self-igniters for ships, locomotives, power-supply systems and armored vehicles. In recent years, an important source of sales was the series production of the engines for the Leopard 2 tank. The end of this large order is in sight, however. To be sure, with DM1.17 billion in 1983, MTU-Friedrichshafen was able to place the largest volume of incoming orders in the company's history, but that was hardly able to compensate for the losses of the previous year through periodically faltering public orders. In Friedrichshafen, short-time work had to be initiated in the fall of 1983 and again in early 1984--although it was for only 17 days. The number of employees was reduced by 3.4 percent to slightly under the level of 6,000 employees. A further reduction appears unavoidable, unless in the next 2 years there is a fundamental improvement in business activity in the civilian sector, which, after all, accounts for two-thirds of sales. "The worldwide market situation for civilian diesel engines in 1983 was characterized by overcapacities, debt problems of the threshold countries and partial market saturation," explains Ernst Zimmermann. Still, a first step toward diversification in a new market was successful. MTU's electronics sales were increased by 32 percent in 1983 to DM32.3 million. The products offered in this business sector include monitoring and control systems for drive units, for the provision of energy and for ship security.

In the case of the aircraft-engine branch at MTU-Munich, Ernst Zimmermann has long been striving for a remarkable change of course. Just a few years ago, the company, which is building on the great aircraft-engine tradition of BMW, Daimler-Benz and Maybach, was largely dependent upon military customers. The Tornado engine RB 199, developed jointly with Rolls-Royce and Fiat, became the most important source of sales.

But the end of this lucrative business is in sight. At the latest, the RB 199 will come to an end at the end of the 1980's along with the Tornado series. And a follow-up order for the engine of the fighter aircraft of the 1990's may be a long time in coming. In addition, it will be significantly smaller in scope. Not least among the reasons for that is the fact that the French company Snecma may become the fourth partner.

Since business with military customers will continue to decline, MTU has in recent years systematically developed a network of civilian cooperation with almost all of the large engine manufacturers. For General Electric, they produce parts of the CF-6 engine, which is used in the large Boeing 747 and Airbus A 300/A 310 aircraft. Jointly with Pratt & Whitney, MTU is developing the model PW 2037 for the Boeing 757, which may also be considered for the new U.S. transport aircraft C-17 built by McDonnell Douglas. And as a partner of the IAE International Aero Engines AG, the Munich engine builders are working along with Rolls-Royce, Pratt & Whitney, Fiat and a Japanese consortium on the model V 2500, which is foreseen as the power source for both the Airbus A 320 as well as corresponding competitive products of Boeing.

MTU is likewise participating in the continuing successful sales of the McDonnell Douglas MD-80 in the future. A contract was entered into with Pratt & Whitney for the further development and coproduction of the JT8D engine. Ernst Zimmermann, not without pride: "Whatever the airlines order in the next few years, MTU is involved in every capacity class with a share of from 10 to 12 percent."

This business coup of participating in all important civilian engine programs without spreading themselves too thin is also viewed with respect in the branch. In contrast to the large companies in the market, MTU cannot afford to develop its own engine entirely by itself because of a lack of marketing opportunities. The fact that the enterprise has nevertheless become a desired partner is not least due to the fact that a great deal of development work was done in Munich for very specific components. Unusual in a branch that is otherwise happy to make use of public sources of capital is the fact that MTU financed its development share in the V 2500 in the amount of DM200 million entirely with its own resources. And in the meantime, the state start-up help for the PW 2037 has run out. MTU is now carrying all expenditures for this program by itself.

The company has halfway achieved its declared goal of reducing military sales, which had been 100 percent in the 1970's, to about 50 percent by the beginning of the 1990's. In 1983, MTU already realized one-fourth of its sales from its activities in civilian business. Also involved in that was the newly established subsidiary MTU Maintenance GmbH, which began operations in 1981 at Hanover-Langenhangen Airport. The plant, which came about with the support of the Land Lower Saxony, overhauls and services the large civilian engines of airlines that do not have their own maintenance facilities. In 1983, after all, the plant already contributed DM31.4 million to total group sales. To be sure: "We need about DM80 to 100 million in sales in Hanover to reach the break-even point," explains Zimmermann, "and we hope to reach this goal on schedule in the fifth fiscal year." With current unfilled orders of more than DM100 million, the successful course seems already predetermined, and the number of personnel is already approaching the planned 450 employees.

Ernst Zimmermann explains the astounding activities of his company in a time of great stagnation in world air traffic this way: "We are conducting ourselves anticyclically and are constantly investing at a level about our write-offs." The acquisition of an interlocking interest that was initiated in 1981 in the stock corporation Kuenle, Kopp & Kausch /KKK/ demonstrates that MTU is rounding out its portfolio quite purposefully: KKK is among the leading enterprises for turbosuperchargers and superchargers and thus supplements MTU's interests both in the diesel area and in the aircraft-engine area.

9746

CSO: 3620/465

**UNIVERSITY-INDUSTRY INTERACTION SPURS RUHR ECONOMIC REVIVAL**

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Aug 84 pp 16-18

[Article: "Renaissance in the Coal Region"]

[Text] In regard to the number and influence of academic institutions, the Ruhr region today ranks in first place in Europe. The impact of this situation on the industrial structure is being felt more and more strongly. What was lacking in the past was an exchange of information between research institutions and enterprises.

The emperor's ruling remained in force for decades. When World War I and the Battle of the Ruhr were still in the Reich's distant future, Wilhelm I decided that universities should no more be part of the Ruhr region than barracks: he felt that either institution would only serve to cause unrest among the workers. The Weimar republicans clung as much to the presumptive quiet as did the National Socialists. And it took the postwar democrats 20 years to establish Ruhr University at Bochum (1962).

All told, 13 institutions of higher education—offering more than 100 courses of studies—were founded in the region of coal mines and steel mills. In the 20 years since its inception, Europe's youngest region of higher education has become the region showing the greatest concentration of academic institutions. The area between Duisburg and Dortmund comprises over 100,000 registered students who are taught by 20,000 scholars and scientists in preparation for examinations and research work.

North Rhine-Westphalia, formerly a state exporting students, now is an importing state. In addition to establishing a structure totally different from the old-style university characterized by the omnipotent full professor, the universities in the Ruhr region instituted numerous model disciplines, including environmental planning, information theory, chemical engineering, statistics, construction and production engineering; today these disciplines are taught at every German university.

What the traditional universities in Cologne and Aachen take for granted, the newcomers on the Ruhr River have been developing only recently: the exchange of problems and information between institutes and laboratories on the one

side and managers and designers in private enterprises on the other side. Says Gernot Gutmann, president of Cologne University: "In the Cologne area, information exchange between the university and enterprises capable of and ready for innovation has long been a tradition."

Similarly, describing the presently popular instrument of technology transfer, Heinz Malangre, president of the Aachen Chamber of Commerce and Industry, draws on decades of experience: "Test workshops and laboratories impart their latest findings to technology-oriented enterprises to have them evaluated; in return, they receive suggestions concerning research projects that without developmental and technical support by the industrial sector would not get off the ground."

For large-scale enterprises, this interaction is a routine matter. Says Professor Dietmar Petzina, until March 1984 head of the Ruhr university's Bochum Center for Innovation and Technology Transfer (ITZ): "Large-scale enterprises hardly need this support, since they have longstanding contacts with university institutes."

It is the small and medium-size enterprises that feel neglected. The Ruhr region alone comprises 2,600 industrial enterprises and 290,000 workshops. In the federal state as a whole, there are 20,000 enterprises with fewer than 500 employees.

For a long time, the placid coexistence of universities and enterprises was characterized by a lack of interest in each other. If there were any contacts, they were the result of a professor and a company owner meeting accidentally and exchanging mutually beneficial information. By and large, there was a lack of systematic and organized information transfer. Although certain attempts were made (such as those by the ITZ), they had to be abandoned on account of inefficiency. Last spring, the ITZ was dissolved; its function was extended and assigned to other intermediary agencies such as the Ruhr Technological Consulting Center (TBR).

Even though Rolf Krumsiek, North Rhine-Westphalia's minister of science, is satisfied that "especially in the field of engineering the contact between the technical colleges and the industrial sector is very good," this contact cannot by any means be considered adequate or sufficiently extensive. In Dortmund, the IHK and the president of the university concur in their assessment of the situation. Thus Professor Paul Velainger says: "Even though there are hundreds of research projects that theoretically could be useful to the region, the information transfer frequently is blocked on the one hand by the fear threshold and on the other hand by a system of scientific organization that is totally oriented toward state intervention." And Walter Aden, executive director of IHK, states: "There are quite a few useful research findings by the scientific institutions of the Dortmund area that trade and industry are unaware of and so these findings frequently cannot be utilized by the enterprises."

Since in the Ruhr region the economic climate is determined by the coal and steel industries' radical adaptation to viable capacities, the search for

innovation and promising new technologies has spread like an incipient gold fever. The mayor of Dortmund, Guenter Samtlebe, stated: "In the Ruhr region's trade and industry, there is great pent-up demand in regard to high-growth products."

As yet, there are no statistics on how much the universities have been able to offer in this regard. Of all places, however, the city of Dortmund, a city which during the Hoesch crisis had been written off, illustrates the interaction between the siting of research capacities and the establishment of industrial plants or the creation of jobs:

- In 1981, in the course of the establishment of the Fraunhofer Institute for Transport Technology and Commodity Distribution, the Munich packaging machine building company of Max Kettner set up a subsidiary company in Dortmund. Upon completion of the project, 700 workers will be employed by this plant.
- In July, the institute launched a DM 17 million research program, with the private sector and the Federal Ministry for Research each contributing 50 percent of the financial support.
- At the university institutes, the budgets of third-party research, i.e. research on behalf of private industry, are now ten times as large as the research funds allocated in the state budget.
- The test track of the first German monorail train (H-Bahn), which was opened in late 1983 on the university campus, helped Dortmund enterprises to book new orders totaling over DM 3 million.
- A few months ago, when opposition leader Bernhard Wormser (CDU) mentioned Dortmund as a possible production site for Wang, the U.S. computer giant, which may possibly create thousands of jobs, the former post office worker did not know at first that he might well have hit the bull's eye: even today, the information theory department of Dortmund Technical College is considered one of the biggest software academies in the Federal Republic of Germany. Should the Wang managers someday opt for Dortmund--albeit on a much smaller scale--they could mobilize in the Ruhr region a potential that once before made the area thrive: a large and varied labor pool is available.
- In the spring, Dortmund--one of the first Ruhr universities to do so--established a technology park, which is affiliated with the universities and which for the time being is to accommodate 20 enterprises.

Hopes for a Silicon Valley in the Ruhr region are premature, however. There is too great a discrepancy between the starting conditions in the former fruit-growing settlement in California and the industrial dynamics of the changing Ruhr Basin, especially since it is only in certain areas that Ruhr industry can launch technologically pioneering projects. The region's renaissance in regard to innovation gets sidetracked again and again by its South German competition: when the Stuttgart state government announced the

establishment of a laser technology institute, local CDU politicians in the Hoesch city right away solicited the support of their party friends in Duesseldorf and Bonn so as to emulate the project. According to Petzina, there is a "hectic pace to day-to-day politics," since many politicians have come to consider technology transfer a panacea.

Among Ruhr industrialists, however, interest and the readiness to change over to new technologies have grown to such an extent that complaints about "the risk of falling behind in the technological competition" (WIRTSCHAFTSWOCHE, No 7, 1984) will not be defensible for long.

Approximately 75 percent of the enterprises in the eastern Ruhr region have already introduced new products and processes or have engaged in the process of changing over. Another indicator of the Ruhr industry's upgrading is the fact that in the first 2 years subsidies made available by the Special Steel Siting Program financed 7,000 new jobs outside the traditional branches.

Due to the abundance of the university know-how offered, increasingly the crucial problem for founders and settlers is financing. "Tax policy is a key factor regarding future-oriented research policy," confessed Minister President Johannes Rau; addressing the Rhein-Ruhr Harvard-Club early this year, he developed a thought that was not part of the arsenal of social-democratic instruments of control. He stated that tax breaks for new innovative enterprises could range "from tax exemption for a minimum of 5 years to varying tax rates for small enterprises."

8760  
CSO: 3620/418

**CLEARING ACCOUNT TRADE WITH USSR MOVES INTO DEFICIT**

Helsinki HELSINGIN SANOMAT in Finnish 11 Sep 84 p 36

[Text] Trade between Finland and the Soviet Union has turned into a deficit for Finland. According to the Bank of Finland's balance statement, there was a net liability of 375 million markkas in the fourth week of August in foreign exchange clearing accounts.

Trade with the Soviets was balanced relatively quickly, since at the end of the year Finland had 2.6 billion markkas in accounts receivable from the Soviet Union. In August 1983 receipts came to as much as 6 billion markkas.

The reversal of the balance situation to a deficit is due to the fact that imports from the Soviet Union have increased and at the same time Finland's exports have decreased. The slump in major construction projects has in particular reduced Finnish receipts. Finnish construction workers will be leaving Kostamus by the end of the year and projects in Svetogorsk are being cut back.

In ship sales arrangements have been adjusted so that three-fourths of the price is not paid until the ship is ready and only a fourth during construction.

The reexporting of oil has swollen the Soviet Union's export revenue. More oil than the country consumes has been imported into Finland. The surplus, so-called trading oil, is sold on Western markets.

In the 1980's the annual trade volume between Finland and the Soviet Union rose to about 5 billion rubles (about 36 billion markkas). It may be difficult to cross the border this year since Finland's trade with the West has been going so well that Finnish exporters are not as interested as they used to be in the ruble market.

**Daily Credits Decrease**

According to the Bank of Finland's balance statement, during the fourth accounting week of August commercial banks' entire central bank funding dropped by 65 million markkas and amounted to 1.159 billion markkas at the end of that accounting week. On the Bank of Finland's day market daily credits were reduced by 118 million to 1.149 billion markkas and daily deposits increased by 1.602 billion to 4.109 billion markkas.

Banks' cash reserve credits decreased by 142 million markkas and cash reserve deposits increased by 81 million markkas. Financing institutions' group promissory notes increased by 21 million markkas. Financing institutions' total net receipts from the Bank of Finland increased by 1.851 billion markkas and came to 6.484 billion markkas at the end of the accounting week.

Accounts receivable from the public sector came to 2.08 billion markkas. Liabilities to the public sector decreased by 1.996 billion to 1.23 billion markkas, chiefly because of a reduction in government deposits.

Accounts receivable from business firms decreased by 23 million to 4.701 billion markkas. Of these export financing was reduced by 16 million markkas. Liabilities to firms increased by 85 million to 3.019 billion markkas. Of these liabilities investment and ship purchase deposits increased by 42 million markkas and capital import deposits by 43 million markkas.

The amount of money in circulation increased by 72 million markkas and amounted to 6.776 billion at the end of the accounting week.

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CSO: 3617/224

## BRIEFS

FEED GRAIN EXPORTS TO USSR--Finland has reached an agreement on the export of feed grain to the USSR. In question is the first large direct grain transaction between Finland and the Soviet Union in approximately 10 years according to sources from the state grain storage facility. Finland will export 20 million kilos of oats to the USSR. The grain will be shipped by rail in the next 3 months. Director Seppo Koivula of grain depository considered that opportunities for additional shipments to the Soviet Union will be good. Exports of feed grain, among other things, will be continued this year according to him. The last time grain was directly exported from Finland to the USSR was in the beginning of the 1970's. In 1978 rye was imported to Finland from the Soviet Union. [Text] [Helsinki UUSI SUOMI in Finnish 6 Sep 84 p 6] 10576

**IMPROVEMENTS IN TRADE DEFICIT, FOREIGN DEBT STALLED**

Paris LE NOUVEL ECONOMISTE in French 3 Sep 84 pp 26-27

[Article by Gilles LeGendre: "Foreign Trade: France Sinks Into Deficit"]

[Text] Recovery in foreign trade is a long time coming, debt is growing longer. And what if the government had chosen to live with this? The discreet refinancing of certain loans is of a nature to confirm this.

With a deficit of 5.2 billion in June or 0.6 in July, there is always a good reason. One month, it is the energy bill that inflates. In another, it is the industrial surplus that falls off--the dollar too high, agrofood weakened, world recovery stalled. The fact is that the recovery in foreign trade has been practically halted for the last 6 months and Laurent Fabius' government must organize itself to live with what it has: a slower recovery than anticipated.

The trade deficit, which amounts to 23 billion francs (corrected for seasonal variations for the first 7 months of the year) will be closer to 30 billion than to the 25 billion initially foreseen. The balance of payments (current transactions) which, it was said, was destined to be balanced last spring is already in deficit by more than 12 billion (CVS [expansion unknown]) in the first 6 months.

Halfway between a good and a bad excuse, between negative and positive effects, there is, to be sure, the level of the dollar. It is true that in the first 6 months, the energy bill increased by 16 percent over that of the first 6 months of 1983, while the dollar increased against the franc ...also by 16 percent. But this equality is deceiving, for during the same period, oil prices in dollars dropped and the volume of our imports continued to grow.

Above all, the dollar has only drawbacks. Witness tourism, the only solid support of our balance of services. A tourist surplus of 6 billion francs in 1981, 12 billion in 1982, 22 billion in 1983. And already for the first 6 months of this year, a positive balance of 10.2 billion (CVS), higher than last year's at the same time. The Americans having come in filled up Boeings to celebrate the 40th anniversary of the landing knew very well what an exchange rate means.

Even if less is said about them, the sudden changes of mood in world recovery count as much as, if not more than, those of the dollar. Stronger than anticipated at the end of 1983 and the beginning of 1984, external demand will undoubtedly be less sustained than was hoped for from now to the end of this year. Its main driving force, the breathtaking rise in imports to the United States, stopped increasing 3 months ago. And our exports to that country, like those to Germany or Italy, have no longer increased since the beginning of the year.

The "big contracts" on which tomorrow's sales depend, are still decreasing (see insert). The drop was greater than 30 percent in 1983. According to the experts, a year to a year and a half is needed for its effects on the delivery of goods and exchange of services to be fully felt. We are there. Between the first and second quarters, the positive balance of the services linked to technology exchanges dropped from 10 to 7 billion francs (CVS), and this is only the beginning.

Does France have a competitiveness problem that might be regulated by an adjustment of the franc? Between 1980 and 1983, the French Foreign Trade Bank calculated that our competitive position toward our seven main partners had improved by 14 percent for consumer prices and by 8 percent for export prices. This, thanks to the drift of the franc in relation to other currencies. Since the end of 1983, however, the competitiveness indicator "is registering a pause," French prices continuing to drift, even if they are doing so more slowly, while the franc remains coupled to the Deutschmark. For all that, experts are not yet diagnosing a "price competitiveness" problem.

What is most likely is that it will be necessary to live for a longer time with a deficit, and thus with a foreign debt. Supplementing OECD statistics with its own tallies, the AFP last week indicated an acceleration in French indebtedness abroad in July and August, bringing the total gross indebtedness (without taking reimbursements into account) to 65 billion francs since the beginning of the year. An impressive figure, but one which is not directly comparable to the 67 billion in gross indebtedness foreseen for the year in the scenario presented by Jacques Delors in May.

With the finance minister remaining very discreet about new details and the gross indebtedness apparently increasing more quickly than the net, it seems indeed that the Treasury is all the more actively encouraging refinancing the debt, which has among others the effect of quietly spreading reimbursement over time. The latest loans by EDF [Electric Company] (\$165 million) and the BFCE [Foreign Trade Bank of France] (\$600 million) come into this framework. Borrowers being few on the international market and France's signature having become good again, the BFCE can borrow at eighteen-hundredths of a point above Libor, where it might perhaps have had to agree to 40, 2 years ago. It can repay some loans in advance by refinancing itself with new ones. Moreover, and this is the main thing for the French debt "profile," borrowings can be made at this time for 10, 12 or 15 years, whereas they were limited to 7 or 10 years a few months ago. France is thus making arrangements to get out of its deficit and indebtedness more slowly.

**REIMBURSEMENT COSTS FOR FOREIGN TRADE DEFAULTS RISING**

Paris LE NOUVEL ECONOMISTE in French 3 Sep 84 p 29

[Text] The indemnities paid by the French Foreign Trade Insurance Company (COFACE) to exporting firms are exploding. In the last 4 years, outstanding payments have multiplied, particularly in the Third World, and indemnities paid have tripled, reaching 9.5 billion francs last year. The state made good 3.7 billion of this--corresponding to COFACE's "deficit." In the same period, the total amount of outstanding risks, both trade and "political" (covering the insolvency of public buyers and countries), guaranteed by COFACE doubled. Today it represents 551 billion. For 1983 alone, merchandise exports covered by the company reached 230 billion.

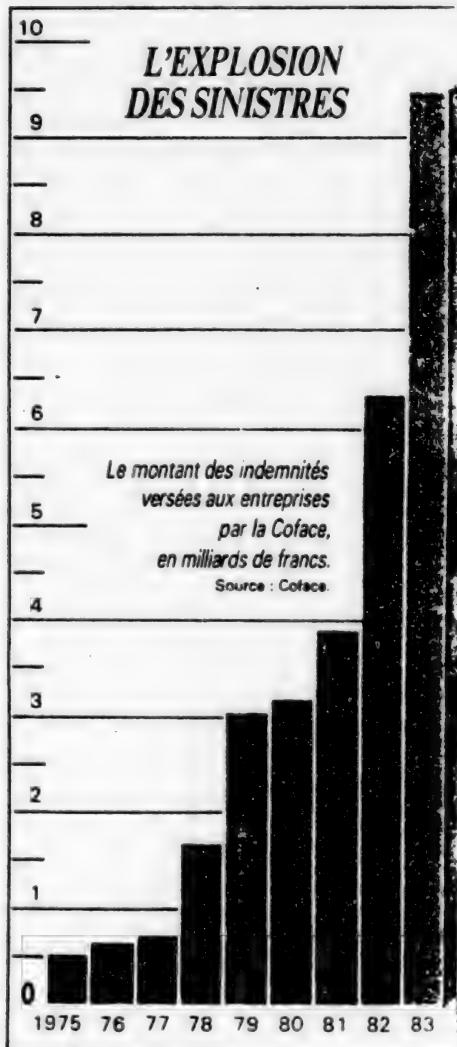
**On the Carpet**

Since 1948, the national company, which is directed today by Francis Granette, former principal private secretary to Michel Jobert, has generally been viewed as providing a guarantee unequaled at the international level. But firms, particularly in the building and public works sector, are complaining about delays of several months in the payment of the indemnities owed by COFACE.

After Iran and Poland, which have left very heavy unpaid bills, two other countries are on the carpet today: Iraq and Nigeria. Following Edith Cresson's recent visit to Baghdad, the French companies taking part in the construction of a mid-desert highway, the "Express-Way", received a directive to stop work that might never be paid for. But Jacques Louria, financial director of the Chemical Highway and General Enterprise Company (SCREG) states that "COFACE has owed us 700 million for several months." Without speaking of "delayed" payment, the Spie-Batignolles management also notes that from now on COFACE will be examining files with more attention than in the past. The Schneider group subsidiary is still waiting to be paid for the Baghdad airport, a construction site on which it had been associated with Fougerolle. Although the airport has now been in service for a year, the Iraqis have still not "taken delivery" of the work. The French companies are therefore obliged to provide for maintenance and operating costs, which results in sizable excess costs.

"The growing complexity of business may bring about longer investigation delays," COFACE's management acknowledges. Especially when firms demand, as is the case for SCREG, that "excess costs" for the immobilization of materials be taken into account. Thus, in order to limit the exporting companies' cash flow problems, the company is paying advances on indemnities, during investigation.

It remains that like any insurance company confronted with an explosion in disaster victims, COFACE is more prudent today. One of the solutions contemplated, in order to limit damages, is to stop work when the client is three months behind in payments.



The Explosion in  
Disaster Victims

Total indemnities  
paid to firms by  
COFACE in billions  
of francs.

Source: COFACE

9434  
CSO: 3519/498

**TERMS OF OIL COMPENSATION AGREEMENT WITH LIBYA**

Milan MONDO ECONOMICO in Italian 23 Aug 84 pp 22-23

[Article by Marzio Bellacci: "What a Nice Friend, the Colonel"]

[Text] The relations between Italy and Libya are, and have always been, difficult and wordy. Today, however, we begin to reap the first results of our policies and the Farnesina does not conceal its optimism. While it is true that the debts will be paid off with oil, it is also true that contracts worth 2,000 billion liras will be negotiated.

There is an atmosphere of satisfaction at the Farnesina Palace. They feel that the credit for the positive outcome of Giulio Andreotti's last trip to Tripoli, chronologically his second, goes to the policy towards Lybia which was pursued for the last 10 years. Now such policy is certainly yielding important results, such as the compensation agreement, by assignment of unrefined oil, which covers a major portion of the outstanding credits claimed by many Italian firms with regards to the Libyans.

"We always followed a line of patient firmness in dealing with the local government," our top foreign service officials point out. "We were always ready to reopen the dialogue every time our partners seemed prepared to conduct substantive negotiations and not unacceptable disputes. Our patience stemmed from the belief that Colonel Qadhdhafi sooner or later would realize the basic importance for his country of good neighborly relations with Italy."

This coexistence represents an inevitable developmental step for both countries, with an additional dimension for Libya, which more and more every year found itself isolated in the international arena, including the Arab world. Eliminating those disputes for which there is a solution is for Qadhdhafi the only way towards regaining a minimum of autonomy, which certainly his privileged channel to the USSR and the East European countries alone can not give him. "In spite of domestic criticism, this explains the attention with which during these years the whole Western World monitored the Italian approach towards the Libyans, even under the most tense circumstances," Farnesina's officials continue to explain. "This function of being potential official partners in the dialogue, and practically the only ones, has always been recognized and tacitly approved."

On the Italian side, the patience was justified by the need for good relations with a neighbor who, while difficult, carries its own weight in the Mediterranean area from a political as well as from an economic viewpoint, with an annual trade turnover of approximately 5,000 billion liras. For Italy such amount of money has a very definite connotation: on the one hand it is associated with the vital flow of the supply of energy, on the other it represents an outlet for the export of technology and finished products which cannot be overlooked.

"The events of the last few weeks do not represent a radical departure," Farnesina officials further point out. "Still, they represent the resumption of a dialogue previously deadlocked, which now shows every indication of being ongoing again." In addition to the compensation agreement concerning existing credits, there are also, in fact, new contracts for 2,000 billion liras. Among them, the contract for two sea platforms for the extraction of oil discovered by AGIP in the Gulf of Sidra (7.5 million tons per year) represents just by itself a project worth \$400 million for the Belleli and Micoperi firms.

Libya's changed attitude is corroborated by the very features of the agreement which represents the solution of some of the past disputes. This is so mostly because, as the experts point out, the agreement comes across as an unusual protocol. It never happened before that an oil-producing country accepted a compensation arrangement of 100 percent in oil. Previously the debts could well have been paid with this energy source, but only in part, normally 50 percent. The debts were never totally paid for with a 100 percent assignment of black gold. In any case the debtor country always requested that a portion of the oil would be sold under its name.

The mechanism activated now by the Tripoli agreement is of a totally different nature. It covers approximately one third of the pending amount claimed by Italy (approximately \$300 million) and it works according to a plan that should secure a payment to the Italian firms with the largest exposure of 85 percent of their total outstanding credits. The life of the agreement is 8 months beginning from next September. Should it turn out to be effective, the agreement leaves the door open for a renewal.

A special Libyan committee, attached to the Ministry of the Treasury, will authorize the state company, Brega, to transfer stocks of unrefined oil to the Italian company AGIP against the outstanding credits of individual Italian firms. AGIP committed itself to sell the oil on the international markets and to deposit its cash revenues in one or more Italian banks (not yet selected), which will be subsequently contacted by the firms entitled to repayments. The whole operation is tied to the US dollar and to its exchange rate at the moment of the transfer of the oil and its subsequent sale. This feature should balance out, within limits, the Libyans' non-negotiable demand that the assignment of their oil would take place at OPEC prices.

"We at AGIP are committed to sell the oil as well as we can," said Giancarlo Baldassarri, chief executive of AGIP Petroli in an interview with MONDO ECONOMICO, "even though there will certainly be some difference between official prices and spot prices. But we are hopeful that it will be less than what we have been seeing in the current weeks. In any case this is a chance that the firms included in the arrangement already agreed to take. Instead, no charge will be assessed on us. We position ourselves as a simple purchase agency, having been selected because of the experience that we can offer in order to achieve an effective implementation of the whole agreement. The extra quantities of oil which we will be marketing in addition to what we already buy from Libya are not such, by the way, as to constitute a burden to our regular turnover on the international markets. The firms participating in the agreement also agreed to pay us a very small percentage of the differential between transfer price and sale price to cover the additional expenses we will incur."

This is a solution, therefore, that attempts to minimize inevitable losses and which is being presented to the interested parties as a possible option. This is what ANCE and Confindustria officials have to say: "This is an important step involving some sacrifices. However, the strengthening of the U.S. dollar should make them less burdensome." Riccardo Pisa, vice president of the Italian construction firms which represent the bulk of the major creditors, added: "We have opened up a way that, for the time being, compensates for the hardships of those who obtained contracts and orders, but which seems to have also opened up commercial credits for which the Libyans have committed themselves to future cash payments."

[Insert by Sergio A. Rossi: "Not Money, Just Oil"]

What is the state of health of the Libyan economy and what are the chances of further developing the cooperation with foreign companies especially for major projects? First, the decrease in oil revenues over the last 3 years (from \$1.5 billion in 1981 to \$10 billion in 1983) affected the national budget and required a relative austerity. For this reason, compared to last year, the appropriations for the development program decreased by 11 percent (to \$17.13 billion) and appropriations for the administration decreased by 7.1 percent (to \$4.86 billion), while those for imports increased by 7.1 percent to \$5.64 billion. On the other hand this year's oil exports should secure revenues slightly over last year's \$10 billion. In effect, the experts estimate the Lybian balance of payments deficit at \$2.8 billion as of the end of 1983.

Second, the Libyans, as the present agreement with Italy indicates, plan to reduce their indebtedness (estimated around \$10 - \$11 billion) rather rapidly, however more with payments in oil, through compensatory arrangements, than with payments in currency. During 1983 only \$1 to \$2 billion were paid to foreign creditors out of \$4 to \$5 billions appropriated in the budget for this purpose. On the other hand, 124,000 barrels of oil per day went to USSR as compensation in 1983. Similarly, the Yugoslavian firm PIM, working on the project for the construction of the Misurata

commercial port, will be paid 70 percent in oil. Similar agreements have been made with the Turks who will receive 1.5 million tons of oil by the first months of 1985. Furthermore, in June Lybia signed an oil compensatory agreement with India for a total value of \$200 million within the framework of a package of 25 projects for a total of \$1 billion.

Third, financial austerity will not affect either military expenditures (\$3 to \$4 billion of actual expenditures during last year) or certain major projects particularly dear to Qadhafi. Among them is the ambitious "manmade river" which should carry four million cubic meters of water per day to the Sidra and Bengasi Gulf through a 2000-kilometer pipeline from the desert regions of the southeast where springs of mineral waters abound. This project represents a radical solution to the agricultural problem. The first section was awarded to the South Korean firm, Dong Ah Construction, with an unprecedented contract for \$3.3 billion by 1990. Of this amount \$245 million have already been paid. The Libyans will subsequently make available approximately \$500 million per year for the life of the whole project. The rest, however, will have to be financed through the international market. A pool of South Korean and Arab banks already intervened with several tens of millions of dollars in support of Dong Ah. In fact, this is Libya's new policy: to request, besides the completion of the projects, also their full financial coverage.

On the other hand it is also true that the demand for these conditions on potential foreign suppliers are delaying the start of other strategical projects. And finally, while reviewing the planning of major projects, the Libyans are requesting several new competitive proposals and thus they are able to obtain considerable rebates in prices.

12667  
CSO: 3528/127

**UGT, ELA-STV GENERAL STRIKE CALL AGAINST DOCKS**

Madrid YA in Spanish 14 Sep 84 p 21

[Article by Carmen Tomas]

[Text] The UGT [General Union of Workers] and the ELA-STV [Solidarity of Basque Workers] unions yesterday decided on a schedule of related demonstrations that will conclude next Thursday with the calling of a general strike at all of the country's big shipyards. The administration's decision to remain adamant on its proposals concerning capacity and surpluses and for handling them through cancellation ruined the meeting held by the Committee for Follow-up and Supervision of the Reconversion Program for the subsector, which is to meet again coinciding with the unions' strike notice.

Yesterday the Maritime Division of the National Institute of Industry (INI) presented a proposal before the Committee for Follow-up and Supervision of the Maritime Reconversion Program in which it establishes the general framework within which reconversion of the big shipyards subsector will have to take place. The new proposal retains the views already discussed as concerns reduction of capacity (255,000 gross register tons, compensated) and surplus workers (8,900).

The proposal was vigorously opposed by the unions and representatives of the autonomous communities, with the exception of the representatives of the Andalusian Community since it maintains the same positions and would also amend the treatment accorded surplus workers by establishing that it be done through cancellation of their contracts.

We must point out that this point introduces elements of distortion since only a few days ago, at the end of a meeting of the committee, Pedro Sancho, the general director of the Maritime Division of the INI, declared that the administration had no intention of making an issue of this topic and that the problem could be solved by layoffs.

This led to the adjournment of the meeting, which lasted a little more than an hour, until next Thursday and to the fact that the unions present at the meeting agreed to carry out a general strike at the big Spanish shipyards on that same day. This period of time will also allow the Maritime Division of the INI

to study the counterproposals presented by the Basque union and the Galician Council just in case they should consider it appropriate to include some modification in the final report they intend to send to the Committee for Economic Affairs delegated by the government on the 24th of this month.

As for the unions, they will devote the next 7 days to reporting to the workers at the different shipyards on the course of the negotiations and the need for participating in the general strike against INI plans on Thursday.

Eduardo Santos, the general manager of Steelworking and Maritime Industries, appeared to be pessimistic about the possibility of reaching an agreement in the committee and noted their firm decision to make next Thursday's meeting the last meeting. With regard to the Galician Council initiative to pay an additional premium for the construction of ships in the shipyards of its community, he said it is a negative one and that the only thing this type of proposal achieves is to distort the market and produce a kind of auction among shipyards. "Subsidies of 22 percent on the average are enough," he said, "and that is in line with what they are doing in Europe. Higher percentages would lead to a poor allocation of national resources."

After indicating his total opposition to the plan presented by the INI, Antonio Puerta, the general secretary of the Metalworkers Division of the UGT, regretted the fact that they had lost so many days of negotiation only in the end for the administration to stick to its original judgments and to further introduce cancellation as a way of handling the surplus workers, thus moving back in time.

#### Fewer Technical Arguments

For Antonio Puerta, the new proposal sums up what has already been argued in the previous one, but with fewer technical arguments, and it is also creating a great deal of uncertainty throughout the sector. "Any proposal to be discussed by this union," he said, "must gravitate about the maintenance of capacity, the smallest number of surplus personnel and, in terms of handling them, how they are to be laid off, furthermore guaranteeing specific pledges for the creation of alternative jobs."

At the close of the meeting Juan Olascoaga, a representative of the ELA-STV, said that he was not completely [satisfied] with the new proposal presented by the Maritime Division of the INI, considering it to be merely a resume of the previous one, which respects its whole philosophy. "It also," he went on to say, "makes things worse by establishing even tougher requirements with respect to production and surpluses."

The representative of the Basque Government expressed himself in identical terms since, in his opinion, the INI proposal limits itself to arguing that the short-term demand will amount to 25 ships and the personnel required to build them without adducing the data to back up and justify that decision. "We think," he said, "that the demand may be much greater."

11,466  
CSO: 3548/348

**OPPOSITION SEES NATIONAL INTERESTS SACRIFICED IN EEC TALKS**

Madrid YA in Spanish 14 Sep 84 p 3

[Article: "Opposition Denounces Serious Shortcomings in Negotiations with EEC"]

[Text] Moran assured his listeners that national interests would not be sacrificed and that they intend to see to it that the impact of integration will be similar for all sectors and regions.

At a Senate plenary session yesterday, the opposition denounced the errors and concessions made by the government in negotiations with the European Economic Community and succeeded in getting a motion passed that is identical with the one the Congress passed on its day to the effect that it would see to it that national interests are not sacrificed, that special care be taken in negotiations on certain sectors and that the impact of joining [the EEC] be prevented from having unfavorable repercussions on certain regions.

Madrid, FLP

By 200 votes in favor of it, the plenary session of the upper chamber yesterday passed a motion on the negotiations for Spain's membership in the EEC that the government delegation's negotiating position be strengthened. But this also served as a pretext for the spokesmen of the FLP [Popular Liberation Front] bloc to criticize alleged weaknesses, concessions or errors of the government in the negotiations because it was in such a hurry to point out the political advantage of membership.

With his left leg in a cast, Minister Moran replied from the extreme Right bench sitting down, assuring his listeners that "national interests would not be sacrificed and that a policy of a government attempting to balance the impact which it may be assumed entry [into the EEC] will have on different sectors and regions would be pursued." He also asserted that the negotiating initiative would not be lost because there may be a delay of several months and that the deadline for concluding negotiations, at the end of this month, was suggested by the EEC members, not by the Spanish Government, so that there would be enough time for the members to ratify the treaty before it goes into effect on 1 January 1986.

## Danger of Intensifying Imbalances

Moran did not want to comment on the claims of the FLP spokesman, Juan de Arespacochaga, that the government had left for last the negotiation of "the toughest bones to gnaw on," like the wine and oil sectors, or that it denies the obvious difficulties that are cropping up in the negotiations because of the government's ambiguity with regard to Spain's military integration into NATO.

The motion passed is the same one which, also at the request of the FLP bloc, was made in the Congress last 13 June. On this second occasion it was defended by the FLP senator for Madrid, Guillermo Perinat, who underlined the unacceptability of EEC conditions for the elimination of industrial tariffs and the agricultural and fishing agreements, proposing an initial transition period of between a maximum of 10 years and a minimum of 7, a reequilibrium in the handling of fruit and vegetable products with an identical agreement for perishable farm products and fats and that the fishing sector be incorporated into the common policy right from the start.

Perinat asked the government to defend a balancing of the impact that admission will represent for the different regions, depending on the basic crop each produces, in order to keep the imbalances among them from getting any worse. He deplored the skimpy information the government provides the two chambers with on the progress of the negotiations and emphasized that acceptance of the 30 September deadline was a mistake that may tie the government's hands, forcing it to yield ground in some sectors, like the fruit and vegetable product sector. He requested a transition period for dairy products and their byproducts, sugar, meat and grains, the elimination of a European tariff on perishable fruit and vegetable products right from the moment of admission, the maintenance of olive oil prices with respect to those of other fats, long-term readjustment of the grape growing and wine making sector and the handling of fishing and the free circulation of workers in a way similar to that applied in the other EEC countries right from the moment of admission.

Although the amendment was not included in the motion because it was not presented in time, it was in the spirit of the upper chamber's plenary session that the Canarian Parliament's proposals with regard to the special government of the islands be taken into consideration in the negotiations. Minister Moran added that they would continue to report to all the autonomous governments, including the Basque Government, on the progress of the negotiations.

11,466  
CSO: 3548/348

**BILL REDEFINES CONTROLS OVER PRECIOUS METAL ITEMS**

Madrid ABC in Spanish 10 Sep 84 p 43

[Article by Miguel Villatoro and Rosa Ovejero]

[Text] Madrid--At an upcoming meeting the administration will approve the first draft of a bill on objects manufactured with precious metals. The ministries of industry and energy and health and consumer affairs drew up the bill, and the commission of undersecretaries studied it last week. The bill makes substantial changes in the current law, which is half a century old, and indicates infractions and the corresponding penalties.

The bill, to which ABC has had access, comes in response to the need for an in-depth reform of the current obsolete law that would protect consumers and bring it more in line with legislation in other countries. It establishes standard values for "fineness" (the proportion in weight of pure precious metal in an alloy expressed in parts per thousand), provides greater flexibility for the manufacture of objects earmarked for export and establishes the groundwork for the installation and authorization of the laboratories that officially hallmark objects made with precious metals (platinum, gold and silver).

The hallmark with which the articles will be stamped will be applied with puncheons that will be manufactured by the National Coin and Stamp Factory and furnished to the laboratories authorized by the appropriate government agencies. The bill authorizes the drafting of regulations on the methods and equipment for assaying alloys.

Under the bill, in order for an item to be marketed domestically as a precious metal, it must have the following degrees of fineness: platinum, .950; first-grade gold, .750; second-grade, .585; sterling silver, .925, and second-grade, .800. Objects of any weight can be manufactured with these finesses, but they must always bear the hallmarks identifying their origin and guaranteeing their fineness. The only exceptions are those items that because of their small size or design would be disfigured by these marks.

In any event, objects containing any amount of a precious metal can be marketed as long as they are clearly marked "low fineness." Objects plated with precious metals can also be manufactured as long as they are clearly marked as such; in addition, stores must display them separately from the objects bearing hallmarks.

The bill does, however, provide for greater flexibility in the case of objects earmarked for export. They must meet only the standards in effect in the importing country.

Government agencies will deal with the infractions of the law that comes of this bill, though such infractions might also constitute crimes. Infractions can be minor, in which case fines of up to a half million pesetas apply; serious (fines of up to 2.5 million pesetas), and very serious (fines up to 100 million pesetas).

This law does not apply to raw materials used to manufacture items such as ingots, sheets and wires, among others; unfinished, semi-manufactured articles, medical prostheses, parts for scientific use, antiques more than 100 years old, and coins that have been or are legal tender.

8743  
CSO: 3548/338

**ORTIZ CALZADILLA ON REFORM OF BUSINESS TAX SYSTEM**

Madrid ABC in Spanish 10 Sep 84 p 38

[Article by Rafael S. Ortiz Calzadilla]

[Text] Taxpayers must meet the challenge of today's (and tomorrow's) tax system by using the tools that the system itself provides, thus achieving a more rational management of their tax matters. The problem is that there has been a quite rapid transformation of the tax systems dating from the previous reform.

We have shifted, in point of fact, from objective methods (general assessments) that did not require the individual cooperation of the taxpayer with the government to direct methods under which assessment bases must be determined from data supplied by the taxpayer himself.

Under the objective methods in effect until 1979, there was unquestionably little contact between taxpayers and the government, and taxpayers did not have the record-keeping obligations that are indispensable at present. Businesses must thus take a different approach to taxes, because although there are more record-keeping and formal requirements, there are also more opportunities to reduce the tax burden if proper use is made of the incentives contained in tax legislation.

At times, decisions will be primarily financial. It might be worthwhile to sacrifice dividends if a rapid amortization of certain expenditures (organization expenses, etc) enables tax payments to be deferred. In other instances, the decision will go the other way: to defer amortization of such outlays because losses from previous years whose declaration limit is about to expire make them priorities. The various amortization options (straight-line, declining balance, etc) offer different advantages that have a major impact on both a business's financing policy and the expected rate of return on certain investments.

The tax advantages of leasing might make it preferable to ownership of industrial equipment.

The range of possibilities that current legislation offers for timing the declaration of income and expenditures is another positive element, especially for activities in which the period between the close of the transaction giving rise to the taxable event (the sale) and the receipt of income is so long that it would cause genuine financial difficulties if the tax were owed when the income was actually received.

The regulations for deducting bad debts are also much more flexible than before the new corporate tax took effect, and they have resolved a problem that had been growing worse recently.

The incentives for investment and job creation also mean that businesses can take the tax variable into account when drawing up their investment program. The timing of an investment will not, of course, be dictated by tax considerations, but they are a factor in deciding when an investment ought to be made, for example, in December or January, because a 1-month difference could have major tax repercussions, either because deduction rates are higher in one or the other month or because the period for declaring the deductions in future fiscal years is longer under one budget law than another.

How to make use of the regulations on discounting balance sheets is just one of the decisions involved in a company's planning policy. Under the new system, which is based on discounting the immediately prior balance sheet without going back to purchase cost, businesses should not waste any of the opportunities that the budget laws offer.

This also undoubtedly requires greater specialized knowledge on the part of the taxpayer, who must be appropriately familiar with the regulations that he must observe in tax matters. This might be even more important inasmuch as in tax matters analogy is not admissible in a bid to broaden the scope of the taxable event or of tax exemptions or credits beyond its strict bounds.

In short, a businessman must attempt to reduce his tax burden or at least his financial burden as much as possible under existing law without exposing his firm to risks that might have serious repercussions. The reason is that aside from the legal ramifications of such actions, the result could be even more bothersome than moves towards a more streamlined and economical handling of tax matters. The possibilities exist (though they do not abound), and taking advantage of them requires a greater knowledge of this specific area of business.

A company must modernize its handling of taxes in order to mitigate their mounting impact on every sphere of business. The passivity that characterized the previous tax system must give way to an approach more in keeping with the new situation.

## COMMENT URGES NATIONAL OVER PARTY INTERESTS IN EEC TALKS

Madrid ABC in Spanish 10 Sep 84 p 11

[Text] During the last months of the so-called "final stretch," the Socialist Workers' Party of Spain (PSOE) has tried to create the illusion of active negotiations between the EEC delegation and the Spanish delegation, through a process of adjustment of their positions identical to those that characterize diplomatic actions of similar nature.

In this way, the party kept its legitimate purpose of reaping electoral gains from our entry into the hitherto inaccessible Common Market. The facts show that the entry of Spain in the Community will take place at a terrible cost, which could cause very serious damage to and partially destroy our national economy if the negotiations are mismanaged.

The Common Market may fill a need for Spain in the distant future, but it will never be good business in the short term. Our entry may be indispensable--though this would have to be seen--but, of course, it will be painful. In these conditions, the most logical and honest thing to do would be to tell the country the truth, with the PSOE renouncing any electoral benefit it could get from the entry into the Community, and to expose with harshness the realities that seem to be falling all of a sudden onto the man on the street--Mitterrand's latest statements--without propaganda tricks like the ones that our negotiating commission (permanently incapable of negotiating) has practiced periodically so far.

It would be worthwhile to propose to our political representatives that they take stock of the positions of the Community at the beginning of the mis-named "negotiation" and its present position because we would find that the conditions of the Community in 1984 are much more severe and damaging for Spain than they were in 1978, as any data compiler can verify. And, while they are at it, that they pay homage to former politicians who, in very difficult circumstances, achieved a modest but highly beneficial agreement for our nation.

Spain cannot face something so grave as its entry in the Community in the present conditions before the country's political forces as a whole--government party and opposition parties--attain a sort of "national union," to study with seriousness and rigor the long-term advantages of our

integration and its terrible price in the short term. A decision that mortgages Spain's future for a period evidently longer than a legislative one should not be adopted, according to good democratic principles, except by the agreement, or at least the approval, of the great moral majority--not simply the arithmetic one--of our parliament. And our representatives, burying the valid dialectic process of every democracy between government and opposition, together should explain to us with irrefutable data in hand that Spain needs to enter the CEE or that, instead, the best thing for our country would be to reject proposals that are apparently unacceptable.

We believe that in this matter it is not the fight between the parties but the interest of the general public and Spain's interest which should order the debate. Perhaps at the cost that the socialists may lose an electoral pennant, perhaps at the cost that the opposition must sacrifice the easy role of denouncing this commitment beforehand, which could give them a bountiful harvest of votes from those people who will be inevitably damaged in future years by the entry of Spain in the Community. Spain and its future will deserve this double sacrifice.

12501  
CSO: 3548/337

**SURVEY OF CRITERIA FOR GRADUAL INTEREST RATE DROP**

Madrid ABC in Spanish 10 Sep 84 p 35

[Text] It has been pointed out in the banking community that one should be realistic regarding the possibilities of substantially reducing the amount and time of interest rates. The drop is taking place slowly--as happened with the upward trend--and requires implementation in all the sectors of the market that affect pricing.

It should be emphasized that it is not possible to reduce isolated areas in a single market, but that the reduction should affect the whole market. The role of the public deficit with respect to the level of interest rates is vital; hence, any agreement demands the government's decisions on future deficits and formulas to finance current and future debts. Fortunately, all the parties of the presumed AES seem to be in agreement on this issue.

The asymmetry observed in the behavior of credit is evident. In fact, while the 1-month interbank interest rate dropped almost five points from December to June, and the 6-month interest rate of promissory notes dropped three points, the interest rate of medium-term credit was fixed at a level around 18 percent for that period, even though it should have decreased some in July and August.

Now, the drop of the interbank rate means an important loss of income for the national banking system--in its role as lender. Furthermore, the rate for promissory notes has dropped considerably due to an improvement in their tax treatment while the situation for competitive assets is getting worse.

There are important reasons for that apparent asymmetry. The first and foremost is that the banking system can reduce the interest rate of its credit only when the price or interest paid to the funds of its clients is reduced. But while a climate favorable to the reduction of the lending rate has been fostered, there remain the same problems which impede the decrease of the deposit rate--in particular, a public debt that offers effective profits above 18 percent and some promissory notes having even higher interest rates (which are unstable at their present levels) and indirect tax advantages, too. Under these conditions, the banking system cannot commit itself responsibly to a thorough and fast effort to reduce the

interest rates of financing.

The necessary correlation between the movements of both interest rates determines that they cannot move at the same time nor at the same rate. Not at the same time because a drop in the deposit rate takes time to become effective as the commitments cannot be altered until their maturity; therefore, the influence of term taxation (2/3 of total deposits) has strong repercussions and aggravates the effects of that delay.

Nor at the same vote, which is particularly true in a system which regulates and directs 51.1 percent of the funds, with zero compensation (5 percent of the funds), or compensation which is regulated and reduced, or subject to intervention in the public sector markets (12 percent of promissory notes).

Declines in the deposit rates may then be compensated by opposite actions regarding the ratio profitability (remember the recent one-point drop in the 13 percent tranche compensation of the cash ratio); therefore, they have to be distributed correctly between the freely available resources and the regulated ones, depending on what the financing authority decides about the latter.

In requiring a correlation between the declines of the two interest rates, bankers have not forgotten the fact that in the last 3 months, as it has been pointed out, the compensation of promissory notes has dropped three points (12 percent of resources) and the cash ratio one point (13 percent), with the drop affecting 25 percent of bank assets.

This minor yield (0.49 percent) has taken place before any other action regarding the compensation of deposits. Following that line of intervention would put the banking community in a situation whose risks do not need to be explained.

Another reason for this delay and asymmetry is given by the oft-mentioned relative magnitude of the public sector financing needs.

New Preferential Interest Rates of the Seven Major Banks						
Banks	Commercial discount			Loans & Credit		
	1 month	3 months	1 year	3 years	1 year	3 years
Banesto.....	10,25 (-0,75)	13,75 (-0,75)	14,50 (-1,00)	17,00 (-1,00)	16,00 (-1,50)	16,50 (-1,50)
Central.....	10,25 (-0,75)	14,25 (-0,75)	16,00 (-1,00)	16,50 (-0,50)	16,00 (-1,00)	16,50 (-1,50)
Hispango.....	10,25 (-0,75)	14,25 (-0,75)	15,50 (-1,00)	17,00 (-1,00)	16,00 (-1,50)	16,50 (-1,50)
Bilbao.....	10,00 (-0,50)	14,25 (-0,75)	15,25 (-0,50)	16,50 (-0,50)	16,00 (-1,50)	16,50 (-1,25)
Vizcaya.....	10,00 (-1,00)	14,25 (-0,75)	14,00 (-1,00)	16,50 (-1,00)	16,00 (-1,50)	16,50 (-1,50)
Santander.....	10,25 (-0,75)	14,25 (-0,75)	15,50 (-1,00)	17,50 (-1,00)	16,00 (-1,50)	16,50 (-1,50)
Popular.....	10,00 (-0,50)	14,25 (-0,75)	16,00 (-1,00)	17,00 (-1,00)	16,00 (-1,60)	16,50 (-1,50)

The numbers in parenthesis show the reduction with respect to the previous rates.

CCOO-CEO~~E~~ CONFRONTATION MARS SOCIAL PACT EFFORT

Madrid DIARIO 16 in Spanish 4 Sep 84 p 13

/Text/ Yesterday, at the third meeting following the summer recess, there was a serious confrontation between the Workers' Commissions /CCOO/ and the management organization /CEO~~E~~/E. The irreconcilable differences between the two organizations clearly lessen the likelihood that the labor federation led by Marcelino Camacho will sign the economic and social agreement. The CCOO spokesmen themselves admitted this at the end of the meeting. Management rejected four proposals presented by the CCO which the labor federation considers to be of key importance. Among the proposals rejected is that of reducing the work week to 38 hours.

Madrid--During yesterday's meeting there was a serious confrontation between management and the CCOO on specific points of the agreement. The government and the General Union of Workers /UGT/ continue on the middle road, accepting the CCOO proposals but setting the conditions that they do not involve an increase in public expenditure nor reduce the competitiveness of the enterprises.

In the opinion of Joaquin Almunia, minister of labor, yesterday's meeting made it evident "that we are approaching substantive matters and moving away from secondary matters." He is worried that the requests made by the two parties would require such a large public expenditure that it would cause the planned deficit to be exceeded, and he hopes that the negotiations will make it possible to conform to the government's plan for a reduction of the 1985 deficit by about five percent of the gross national product.

Miguel Angel Fernandez Ordóñez, secretary of state for economic planning, pointed out that "it is of fundamental importance to keep inflation within the planned limits and to reduce the deficit because these actions, added to the magnificent performance of the foreign sector, will provide a basis for the reduction of interest rates."

Fernandez Ordóñez said, "There is nothing odd about thinking of talks between banking intermediaries and the administration in order to obtain better coordination in the reduction of interest rates and the control of inflation. A more difficult subject is the pace at which this is done." The government

continues to cling to its objective of holding inflation to about eight percent by the end of 1984, in spite of the large rise in July which, according to the government, was due to seasonal and incidental circumstances for which "necessary corrective measures have been taken such as decontrolling chicken meat, which will put an end to the semimonopoly exercised by certain sectors."

Yesterday, management gave four categorical "noes" to the CCOO proposals. The first "no" was to the request of the communist labor union that the Work Statutes be changed so as to guarantee more control over labor contracts. Management, on the contrary, proposed changes of the statute to make firing easier and cheaper.

The UGT and the government agreed to develop measures under the Basic Employment Law and to promote incentives for hiring youths, apprenticeships, parttime employment, hiring of persons over 45 years of age and so forth. The socialist labor union requested that funds assigned under the draft budget for carrying out contracts between INEM and the autonomous communities be increased three-fold. They are requesting 30 billion pesetas which will make possible the creation of 200,000 jobs.

The CCOO requested that mandatory retirement be set by law at 64 years of age and requested the employment of replacements in case of retirement beginning at 63 years of age. Management rejected this formula because it believes that it would increase Social Security expenses by 55 billion pesetas, placing the system in bankruptcy.

The UGT, again taking the middle road, proposes the regulation of 64 years of age combined with a method which would allow the replacement of the retirees by hiring unemployed persons or youths, which would avoid public expense. Joaquin Almunia's stand is similar to that of the UGT.

The third "no" by the CEOE is on the hiring of new employees by the Public Administration. The CCOO called for 55,000 new positions in the Central Administration. The UGT calls for 25,000 new jobs which must meet the criteria established in the new Public Administration Law and would not involve increases of public expenditures already planned. The minister said that next Thursday he will report the number of new contracts made by the state but refused to give the numbers in advance.

The CCOO requested the elimination of overtime work and reduction of the work week by decree to 38 hours. The CEOE categorically rejected this. The government opposes any measure which involves increases in labor costs since it would decrease the competitiveness of our enterprises and therefore make fewer jobs available. The UGT proposed that a reduction of the work week by negotiated in collective agreements which would not increase labor costs since its proposal is based on exchanging employment and wages for more free time.

As to overtime, it was requested that the time not be paid for with money but with more free time.

The CCOO requested the CEOE to state the number of positions to be created but the CEOE categorically refused to do so because they believe that this would come closer to being wishful thinking than to being realistic. It thus aligns itself with the government stand when it refuses to give the number of positions it plans to create.

ENERGY

SWEDEN

BRIEFS

CRUDE OIL IMPORTS DOWN--Imports of crude oil and refined petroleum products for the period from May to July were down by 4 percent in comparison with the same period in 1983. In the case of crude oil and other input goods alone, imports were up by 6 percent, but imports of finished products dropped by 21 percent, according to the Central Bureau of Statistics. In total volume, deliveries of refined petroleum products were 7 percent lower in July 1984 than in the same month of 1983. Heavy fuel oils showed the biggest drop at 40 percent. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 13 Sep 84 p 33] 11798

CSO: 3650/284

## PAPER COMMENTS ON FISHERIES DISPUTE WITH NORWAY, GREENLAND

Reykjavik MORGUNBLADID in Icelandic 4 Sep 84 p 30

[Editorial: "Unsolvable Capelin Crisis?"]

[Text] Yearly arguments with our closest neighbor nations will be unavoidable for us Icelanders, if an agreement cannot be reached regarding the usage of the Icelandic capelin resources. These arguments always come up around midsummer time, when the ships of our neighbor nations start thinking about capelin fishing in the seas northwest of Iceland, where there already is a disputed area between Jan Mayen and Greenland. The following observations seem to us to be most pertinent in this issue:

--The Norwegians have agreed that the Icelanders have a right to determine, after consultation with the Norwegians, a top limit for capelin fishing (300 thousand tons, from summer 1984 to summer 1985) near Iceland and Jan Mayen. The European Economic Community, which is still determining the fishing levels inside of the Greenlandic jurisdiction area, has not been made a party to agreements of this kind.

--The Icelanders and the Norwegians have agreed that the capelin catch should be divided such that the Icelanders get 85 percent (currently, 195 thousand tons), and the Norwegians 15 percent (currently, 105 thousand tons, but this figure includes a compensation given to the Norwegians to make up for the larger capelin catch by the Icelanders last year). The European Economic Community has singlehandedly determined that 105 thousand tons may be fished within Greenlandic jurisdiction.

--The limit line between Jan Mayen and Greenland has never been drawn. The Norwegians want to use the midpoint line, but the Danes, who are negotiating on behalf of Greenland, want 200 miles in the direction of Jan Mayen, using previous Icelandic-Norwegian settlements as a model. The Icelanders support the Norwegian viewpoint.

--Ships fishing under the authority of the European Economic Community have fished east of the midpoint line. The Icelanders would like to see the Norwegians send out military ships to drive them away. The Norwegians have not done this, since they do not consider themselves bound by the agreement to act according to Iceland's wishes in this.

--The Faroese, in the course of the past year, have been given permission by the European Economic Community to fish 7,000 tons of capelin within Greenlandic jurisdiction limits. As of this summer, they have not fished this amount. The Faroese and the Danes this summer have fished some 22 thousand tons of capelin between Jan Mayen and Greenland.

--The Royal Greenland Company was given permission by the EEC to fish 30 thousand tons of capelin, of which the company sold to the Faroese the right to fish 27,900 tons.

--The Icelanders would like the total fish caught with the permission of the EEC to be subtracted from the 105-thousand-ton quota figure used by the Norwegians. The Norwegians are also in favor of this.

--The Greenlanders will be resigning from the EEC on 1 January 1985, but have sold to the EEC permission to fish within their jurisdiction for the next five years, which includes the right to fish for capelin.

--They have offered the Icelanders permission to buy fishing permits and to fish within Greenlandic jurisdiction, but we have refused the offer.

--The Danes would like to have a decision made concerning the limit line between Jan Mayen and Greenland, and the Icelanders feel the same way. The Norwegians refuse this idea, however, and would rather negotiate at length.

--The Norwegians consider it most urgent that we negotiate about the division of the capelin catch among the parties involved, whereas a decision on the limit line could be postponed until later. The Icelanders would rather see the emphasis placed first on the determination of the limit line.

--Jonathan Motzfeldt, chairman of the Greenlandic home rule organization, considers it unfair that the Icelanders oppose having Greenland own 200 miles of fishing area in the direction of Jan Mayen, and says that it is "remarkable" for the Icelanders to have an exclusive right to 85 percent of the maximum permissible capelin catch.

--Pauli Ellefsen, a Faroese legislator, says that the Faroese authorities agree with the Icelanders in that the Faroes do not want further license from the EEC for any additional fishing, but that on the other hand, they cannot prohibit the Faroese fishing companies from negotiating for rights within Greenlandic jurisdiction (that is, including east of the midline in the direction of Jan Mayen) in the course of their purchases of fishing permission.

--The Icelanders have told the Faroese that it could affect their fishing rights inside of Icelandic jurisdiction if they fish so much capelin inside of Greenlandic jurisdiction, thus offending Iceland.

We have presented here fourteen observations which seem to us to be most pertinent in this issue, extracted from the numerous accounts rendered by the various parties in the capelin dispute in interviews in MORGUNBLADID in the course of the past few weeks. As can be seen from these observations, the dispute has mainly to do with the limit line and the size of the permitted catch. The fact is that capelin is usually not fished on the Greenlandic side of the midline in the direction of Jan Mayen. The dispute has proceeded in the following manner: the various parties have exchanged messages expressing and repeating their wishes. As far as Iceland's position goes, the opinion currently held has been opposed many times, and there is agreement on the matter in the Althing's the foreign affairs committee, which has been discussing various aspects of the issue in many sessions this summer. It has been stated in the Althing many times that we Icelanders ought to try to cooperate with the Greenlanders and the Faroese in fishing the northern Atlantic. It does not seem as though this suggestion has been followed much in the capelin issue.

Jonathan Motzfeldt is expected in Iceland on 26 September, and Pauli Ellefsen has stated that he is ready at any time to discuss this and other issues with the Icelanders. Although the Greenlanders have sold fishing permission within their jurisdiction to the European Economic Community, they have not sold them the power to determine and enforce the permissible amount for the capelin catch. If things proceed the way it looks that they will, it will only be Faroese ships which will be fishing for capelin inside of Greenlandic jurisdiction anyway. Of course, it would solve a huge problem for us Icelanders if the Norwegians would opt to close up the fishing area by Jan Mayen at the midline, and thus prohibiting ships other than Norwegian or Icelandic ones from sailing into these waters to fish capelin. It does not seem very likely that the Norwegians will meet this Icelandic demand, which is considered unfair by the Greenlanders. More people besides the Greenlanders ought to be wondering how it could possibly be fair for the Icelanders to claim 200 miles in the direction of Jan Mayen and then to keep the Greenlanders from doing the same.

As the dispute is currently constituted, the most obvious choice for us Icelanders seems to be to begin negotiations with the Greenlanders concerning the utilization of our capelin resources. We should come to an agreement with them which is as similar as possible to the Jan Mayen agreement with the Norwegians, with Greenlandic authorities agreeing to Iceland's primary rights, and of course also approving the exclusive right of Icelandic ships to fish 85 percent of the permitted maximum capelin catch as determined by Icelandic authorities. The Greenlanders do not fish for capelin themselves, and one of the ways they explain their giving fishing license to the Faroese is by saying that they would like to teach Faroese fishermen how to fish for capelin. Who would be better suited for this kind of teaching than Icelandic fishermen?

The European Economic Community has been inflexible in all discussions concerning the capelin issue.

This decision concerning a 105-thousand-ton capelin quota for Greenland ought to show beyond any doubt that the EEC is not satisfied with having Iceland determine the legal capelin limit. This decision continues to demonstrate that the member nations of the EEC are content to sit at the same table as the Norwegians, with the result that Iceland will probably get exclusive rights to only some 70 percent of the capelin catch. If all parties in the capelin dispute are successfully brought to the negotiation table, we Icelanders will not be able to avoid dealing with questions like this one.

9584

CSO: 3626/39

## COMPANIES FROM SEVERAL COUNTRIES ACTIVE IN SVALBARD OIL HUNT

Oslo AFTENPOSTEN in Norwegian 11 Sep 84 p 11

[Article by Morten Woldsdal: "Geologists in Line for Svalbard"]

[Text] Svalbard, September -- SK 381 from Tromsø to Longyearbyen is fully booked. Air departures have been for several weeks. It has been a long time since SAS has experienced so hard a fight for seats on the three weekly flight departures to Longyearbyen as this summer. Geologists from the entire world are standing in line to go to Svalbard. Some are traveling up there as "hobby geologists." Most of them are, however, representatives of oil companies. On Svalbard the companies are preparing themselves for the announced stepup of Norwegian oil operations in the Barents Sea.

The geologists come from warm Texas, from Amsterdam and Bordeaux, from Japan--and magnificent late-summer Norway. The crushproof suitcases and the light summer clothes have been exchanged for colorful backpacks filled to the brim with thick winter clothes and warm boots. They arrive at Longyearbyen airfield at 300 hours. Drowsily, many have their first meeting with the polar night--with dawning daylight and three degrees in the biting air and newly fallen snow over the bare hilly landscape--a meeting which makes even the most widely traveled geologist wide awake.

On Svalbard many of them will spend weeks in tents, small huts or aboard boats of various sizes which chug around in the many fjords. Some have taken their last shower for four weeks, while others will get to live in good comfort on modified fishing and passenger boats.

#### In Geologists' Limelight

Svalbard--and Bjørnøya, too--have come into the geologists' limelight the last few years as Norwegian authorities have come with increasingly more detailed plans for drilling for oil in the Barents Sea. Already next year the oil companies will receive permission to drill the first exploratory wells in the enormous ocean region which on the Norwegian side alone is bigger than Norway's combined land area.

It will cost 100 to 200 million kroner to drill a single well in the Barents Sea. For this reason it goes without saying that the oil companies want to

limit the percentage of mistakes as much as possible. It will cost the companies--and the Norwegian government--too much money to drill many dry wells without finding oil or gas. For this reason the oil companies' preparations for drilling are very intricate. The oil companies are not relying on luck and chance. They must know that the chances are good of finding something before they begin with expensive drilling. The completion of geological expeditions to Svalbard is a very important aspect of the job of limiting the risk of drilling dry wells--and thereby being able to save several hundred million kroner.

#### Plants and Animals

The oil and gas were formed thanks to billions of tiny plants and animals which lived 500 to 600 million years ago. They are buried under layers of sandy gravel and clay several kilometers thick. By means of chemical processes, the intense heat from the earth and millions of years of "maturing," the animals and plants have been transformed into what are technically called hydrocarbons--what we all know as oil and gas.

There is a familiar misconception which many have that oil and gas are in large and small pockets down in the subsoil and that one has only to punch holes in these so that the precious resources can gush up to the surface. Were it only so simple.

#### Like in a Sponge

No, the oil and gas are deep down in the subsoil like a liquid in a very dense sponge. Petroleum resources lie in tiny pores in layers of sand and limestone several kilometers below us. All together, all these pores can contain enough oil and gas for a Statfjord or Ekofisk field, and the reserves are brought up to the surface by means of very advanced production methods.

There are limited places in the subsoil where the rock types contain oil and gas. The oil companies must therefore find these places before they begin to drill--and this is the geologists' task.

"Our job is to reconstruct the history of the earth. We must find out what happened on the earth several hundred million years ago. By knowing this we can more easily find our way to the places in the subsoil where oil and gas can have formed," says Peter Vail--one of the big Exxon oil company's most internationally celebrated geologists.

#### Esso Expedition

Vail came from Houston this summer to take part in a 14-day expedition on Svalbard and Bjørnøya. It was Exxon's subsidiary company in Norway--Esso Exploration and Production Norway, Inc.--which together with the Institute for Continental Shelf Studies (IKU) in Trondheim sponsored the expedition. Esso and IKU earlier this year entered into collaboration on an over 100-million-kroner program in connection with the oil company's preparations for oil exploration in the Barents Sea.

"On Svalbard there are examples of all the geology we expect to find in the Barents Sea," IKU Section Leader Atle Mørk says. Representatives of the oil companies can therefore study on land on Svalbard today the rock types which will be relied on during the drilling in the Barents Sea into the 1980's and 1990's, according to Mørk. Svalbard and Bjørnøya are the only places in the world where the oil companies can study these rock-type formations aboveground. No examples of the same rock types are found on the Norwegian mainland as out on the continental shelf.

#### Very Important

Esso, Stavanger, Chief Geologist John Thomas sees such a Svalbard expedition as a very important aspect of the preparations for the coming rights round in the Barents Sea. "We want to be as well prepared as possible before we begin. Studies of Svalbard's geology will quite clearly be able to reduce the exploration risk and save us a lot of expense for unnecessarily many dry wells," Thomas says. In the next two or three years he wants to see again the rock types he saw on Svalbard this summer--but then as drilling specimens brought up several kilometers from the subsoil in the Barents Sea. John Thomas and the other geologists at Esso will then more easily be able to know which rock-type formations can contain oil and gas and which do not.

The participants in the Esso/IKU expedition lived on board the M/S "Sirafjord," which formerly carried passengers between Haugesund and Utsira. This summer the vessel transported geologists around Bjørnøya and around Isfjord on Svalbard.

#### Millions of Years

The geologists' work day begins at the crack of dawn. Regardless of the weather and winds, they go through the sea spray in rubber boats ashore, where the geological studies are to be carried out. Equipped with small hammers and geological maps, they work and photograph themselves through several hundred million years of the earth's history in a single work day. The sound of the hammers striking various rock types echoes over the whole area. Several stuff rock specimens into small white cloth bags which are carefully marked. The specimens will be thoroughly analyzed and studied under microscopes in Esso's laboratories in Stavanger, Harstad, Bordeaux and Houston. Toward the end of a long work day there is many a geologist lugging heavy backpacks.

#### Rocks the Focus

Rocks and rock-type formations are on the whole the focus during expeditions like this. The geologists look at different formations all day, they study the sides of mountains very closely, add various chemicals to test the rock's properties, discuss what they see and agree whether these are so-called good source rock types or not--i.e., whether they can contain oil and gas out in the Barents Sea.

Aboard the "Sirafjord" the discussion continues into the evening. Heavy, colorful and wet winter jackets fill the coatroom. The deck is full of rubber

boots and thick winter boots. After a whole day out in three to five degrees in the biting polar air it is good to come back to a dry existence aboard a warm boat.

#### Many Fossils

There is abundant animal life on Svalbard. The plant life is somewhat like late in the summer. The many fossils in the mountain sides are clear proof of the fact that it was also very abundant millions of years ago. Shells, leaves and small plants and animals which can be up to 500 million years old are preserved as fossils in the rocks. These fossils also provide the geologist with valuable knowledge regarding the earth's evolution.

After 14 days of climbing in the mountains and tramping along Svalbard's and Bjørnøya's beaches, Esso's and IKU's geologists meet new expeditions which are coming to the world's northernmost airfield in Longyearbyen. The circle of geologists is small--everyone knows everyone. Tips and experiences are traded before overweight backpacks full of exposed color film, rock specimens and dirty clothes are checked in at the SAS counter.

For many this was the first and last meeting with Svalbard's vast natural environment. They have done their important job for the oil companies and new duties are waiting other places in the world. Others, however, have been bitten by the bug and want to come back year after year in the future--regardless of whether oil and gas are found in the Barents Sea.

8985

CSO: 3639/159

**MARKET FACTORS IGNORED IN ENVIRONMENTAL PLANNING POLICY**

Duesseldorf WIRTSCHAFTSWOCHE in German 27 Jul 84 pp 50-52

[Article by Ralf-Dieter Brunowsky: "Market With Quirks"]

[Text] The domestic economy will be hit this year by an avalanche of new environmental laws. However, according to WIRTSCHAFTSWOCHE staff writer Ralf-Dieter Brunowsky, the promise to introduce market factors into environmental policy has so far remained an empty one.

When Federal Chancellor Helmut Kohl delivered his inaugural speech in May 1983, some environmental economists were delighted: "We must create a situation where trade and industry realize that environmental protection is in their own interest. Production processes harmful to the environment must be made unprofitable. Activities protective of the environment should pay off economically as well."

Industry and the scientific community were wondering what would come next. But the only result an interim ministerial study team was able to produce was an "Interim Report" commenting on two market-oriented instruments of environmental protection: emission certificates and flexible compensation (see box). The result: certificates are rejected; and while compensation arrangements meet with qualified approval, their application to the decree on large-scale power plants is rejected as "inexpedient." So at best there will be a few test cases and the effect--in terms of overall air quality and the environmental protection market--will be negligible.

Instead, a flood of new environmental laws is coming at industry, and the associations--now as before--are up in arms against them. The measures considered include

- an amendment to the Technical Guideline Concerning Maintenance of Air Purity (TA Air, Part 3);
- an amendment to the Decree on Industrial Plants Subject to Authorization (4th Federal Decree on Pollution Control);
- an amendment to the Federal Law on Control of Toxic Agents;

- the 3rd and 4th amendments to the Law on Waste Removal;
- a "Technical Guideline on Waste";
- a new law on soil protection;
- a law on the protection of cultured plants;
- an amendment to the Law on Waste Water Charges;
- an extension of the Waste Management Law (minimum requirements concerning the release of waste water);
- a number of regulations concerning the introduction of unleaded gasoline; apparently it will not be possible to introduce in 1986 uniform automobile exhaust limits such as those imposed in the United States.

All of these laws, which will be accompanied by numerous supplementary and administrative regulations, make sense ecologically. Implementation, however, may again prove impossible, because with very few exceptions the jurists at the Federal Ministry of the Interior are obviously unfamiliar with market-oriented cost accounting.

Table. Clean Air First Priority.

Comparison of the producing industry's plant investments with the total investments for environmental protection and air pollution control (in billion deutschmarks)

Year	Plant investments (1)	Investments for environmental protection		Air pollution control (3)	Percentage	
		(2)	(3) of (1)		(3) of (2)	
1979	66.9	2.10	0.96	1.4	45.7	
1980	76.8	2.67	1.29	1.7	48.3	
1981	75.5	2.95	1.53	2.0	51.9	

Source: Federal Office for Statistics

The authorities keep clinging to their routine: on the one hand, bills that make good headlines and on the other hand, insurmountable obstacles preventing local officials from getting bills enacted. The controversy concerning the given "state of the art" is intensifying, for in practice it is more profitable for the enterprises to negotiate special arrangements with the municipal politicians than continually to improve their production processes in the interest of environmental protection and increased productivity. The industrial sector's self-interest does not get stimulated.

A good example in this respect is the Waste Prevention Decree, which is to be part of the 4th Amendment to the Law on Waste Removal and which at first glance seems to make sense ecologically. There remains the question, however,

how one can effect waste prevention, which along with waste utilization is to take precedence over waste removal. The present plans revolve around the "state of the art." If an enterprise invents a production process entailing less waste, it will have difficulty selling its product: once it advertises this, the potential buyers will oppose it by forming a cartel of silence--as was the case before the enactment of the Decree on Large-Scale Power Plants.

#### Heated Debate on Market-Oriented Models

An ecologically and economically viable concept of /flexible compensation arrangements/ [in boldface] includes the following elements:

1. A majority of plant operators may--individually or jointly--overfulfill the obligations deriving from the Law on Control of Noxious Agents and this performance may be passed to the other participants' credit.
2. Such exchange procedures are permitted for plants more or less sharing the same emission range (emission domes).
3. The compensation is applicable only to pollutants of comparable effect.
4. The improvement concerning noxious agents within the emission range of the participating plants must exceed the level attainable through fulfillment of the individual legal obligations.

/Certification models/ [in boldface] are based on the following considerations:

1. Regarding the individual pollutants, overall emission limits are imposed within a particular region.
2. The total emission volume is subdivided into subsets, which are confirmed and allocated to the individual emitters as emission rights.
3. At certain intervals, the state devalues the emission rights so as to reduce the emission volume.
4. The rights are transferable and freely negotiable through channels such as an environmental exchange.

For all of them now are belatedly faced with regulations that with reference to the given state of the art make the new process obligatory--regardless of whether or not it is to their advantage. The result: as happened in the case of old air-polluting plants, a costly search has to be launched to find enterprises ready to defy the cartel and to buy and test an installation of this kind.

A different argument is advanced by the Federal Association of German Industry in its opinion opposing the present draft on waste: "As the advances made by individual enterprises in the development of low-waste technologies lead to obligatory utilization by all enterprises, the individual economic unit's advantage and thus the source of any technological development are lost."

For in contrast to air pollution, the prevention of which causes additional costs, low-waste technologies are quite popular in industry--if only on account of the reduced material input. In other words: the goal is entirely correct, but on account of the methods used, this goal will be attained not at all or only at unnecessarily great costs.

Market-oriented incentives for stepped-up waste prevention could be organized differently, e.g. by taxing the waste volume. Even though industry frowns upon this device as an obstacle to investment, the effect is economically and ecologically expedient. Karl-Heinrich Hansmeyer, a Cologne financial expert, thus called the waste water tax "the only economic instrument" of the environmental policy hitherto pursued. Hans-Georg Pohl, executive board member at Shell Oil, likewise considers taxes combined with incentives an instrument in accordance with market principles.

One could also consider introducing certificates, e.g. in the special waste complex where the quantity and type of waste must presently be recorded in dispatch notes. What with the present waste exchanges of the chambers of industry and commerce, there even is an institutional framework. So why should these utilization markets not be able to organize prevention markets?

Neither the industrialists nor the politicians are capable of developing such ideas. The efficiency of the market is less and less viewed in dynamic terms, in terms of homo oeconomicus who is out for advancing his interests and who through the cooperation of all participants in the market guarantees better performance, greater individual freedom and more social security. Instead, the concept of private enterprise is degenerating--most flagrantly in the field of environmental protection--to a substitute for subsidies.

The most telling example of this is the simplistic argumentation between Union representatives and Social Democrats: "individual responsibility" based on voluntariness against total state supervision. A few weeks ago, Federal Minister of the Interior Friedrich Zimmermann stated in the Bundestag [Lower House]: "Environmental protection, too, is amenable to market-oriented solutions. In the asbestos and varnish industries, for example, there is voluntary commitment." And in the same speech the minister of the interior criticized the packaging industry for not keeping its promise to maintain the share of multiple-use containers.

By contrast, Social Democrats such as Volker Hauff, deputy chairman of the SPD's parliamentary faction, consider levies the only market-oriented instrument. According to Bundestag deputy Hermann Scheer, anything else is "nonsense" (WIRTSCHAFTSWOCHE, No 22, 1984). He stated some "charlatans currying favor" had hit upon the idea of calling emission domes (see box) market-

oriented protection of the environment. Said Scheer: "In droves, people jumped onto the neoliberal wagon of free-enterprise modernism."

In his argumentation, Scheer is adopting the basic position of the industrial associations: "Free enterprise means above all equal basic conditions for the enterprises of the individual branch concerned, at least on a national, if not an international scale"; but these basic conditions were "distorted and fragmented by emission domes," he stated.

What is overlooked here is the innovation push, the incentive to find cost-effective solutions, the dynamism underlying the state of the art and above all: the advances made in regard to maintenance of clean-air standards.

It is but an illusory gain when in the clean-air program the limits imposed on each individual plant are based on the state of the art. What matters is implementation! Almost all of the new bills focus on the state of the art. This concept is not only static, however, in that it fixes the status quo; it also has a braking effect, since every advance results in new regulations.

Regarding the costs of environmental protection investments, each industrial plant is different. Thus the effect of uniform limits imposed at the emission sources is different for each enterprise, depending on the type of production process and on the particular enterprise's order volume and profit-and-loss situation.

The planned elimination of the concept of economic unacceptability (Article 17 of the Federal Law on Control of Noxious Agents) and its replacement by the requirement of commensurability is nothing but window dressing. The increased discretionary latitude of the local officials, who are supposed to impose stiffer requirements on the individual old-style plants, is likely to result in more rather than less special arrangements.

Already, the entire industrial sector is bracing itself for one of the harshest confrontations concerning this very article, which in the industrialists' view jeopardizes the sector's economic substance.

This confrontation will deepen the rift between environmentalists and industry. Yet this article and thus the dispute would be totally superfluous, if there were the courage to use market instruments such as levies, certificates or compensation programs.

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**COMMISSION RECOMMENDS DRASTIC CURTAILING OF AERIAL SPRAYING**

Stockholm SVENSKA DAGBLADET in Swedish 13 Sep 84 p 12

[Article by Dag Bjerke]

[Text] Aerial spraying will be banned even in agriculture. Routine spraying of pesticides when there is no real need will also be banned. And a new government agency known as the Chemical Inspectorate will be established.

Those are a few of the proposals in the main report submitted to Minister of Agriculture Svante Lundkvist on Wednesday by the Chemical Commission.

In a partial report submitted earlier, the commission proposed that preliminary analysis of new chemical products be instituted. The proposal means that manufacturers or importers will have to notify the agency of the substances they intend to manufacture or import before the activity can begin.

The agency in question will be the new Chemical Inspectorate, and it will replace both the Product Control Board that now exists within the National Environment Protection Board and the Poison Information Center at the Caroline Institute.

The Chemical Inspectorate will be responsible for the so-called Product Register, which according to the proposal will be expanded to include information on manufacturers, importers, and any possible dangers to health or the environment in connection with all chemical products or individual substances.

**Fees**

The inspectorate's activity will be paid for by charging fees for the various tests and registrations it provides: for each chemical product or substance to be registered--and they all will be--the importing or manufacturing firm will pay about 425 kronor per year for the first 200 products and 50 kronor per year for additional products.

This will apply even to the detergent manufacturer who adds blue and green power granules to a product already registered--there will be an additional fee for that "new product."

**LIMING OF OVER-ACID WATERS TO BE DOUBLED IN NEXT 5 YEARS**

Stockholm SVENSKA DAGBLADET in Swedish 29 Aug 84 p 6

[Article by Ola Sall]

[Text] The liming of overly acidic lakes will be doubled within the next 5 years. This will be proposed tomorrow, Thursday, by the seven commissioners on the government's working group against acidification.

At that time, the so-called commissioners' club will present its plan of action against dying forests and acidification to Agriculture Minister Svante Lundkvist. The group was appointed last spring after it became known that Swedish forests had developed some of the same symptoms found in Central Europe.

In order to reduce nitric oxide emissions, the group also proposes that the strict automobile exhaust regulations used in the United States be introduced in Sweden, as well. The goal is to reduce nitric oxide emissions 30 percent by 1995. Sweden is also preparing agreements with several other European countries, so that the regulations will be uniform throughout Europe.

**Improved Purification**

The group's proposals would cost a total of 1 billion Swedish kronor. Improved purification at facilities that burn coal and oil are estimated to cost 180 million kronor annually.

Fallout of nitrogen oxides is expected to increase in the coming years, but it is believed that the sulfur dioxide fallout will decline if the international agreements on reduced sulfur emissions now being discussed are concluded without snags. If this is the case, the program of action estimates that the fallout in 1995 will be down to 400,000 tons, compared to 700,000 tons during the early seventies.

Nevertheless, the liming of lakes must be intensified if acidification is to be held at today's level. The lake liming program now has a budget of 85 million kronor, 65 million of which is used to purchase lime. In 5 years, 150 million kronor will be needed simply for the liming of lakes and waterways. The possibility of liming forests, land, and groundwater is now being studied.

The activity will also be financed by increases in the pesticide fees that already exist (currently 5,000 kronor for registering a new product, 1,000 kronor for changes, and 2,200 kronor for each year that the pesticide is registered).

#### Eighty Jobs

The commission calculates that the new inspectorate, which it proposes to staff with 80 employees in addition to reinforcements in the form of jobs being proposed for other agencies, will be financed entirely from the above-mentioned fees.

Overall, it even expects to save the national treasury just over 20 million kronor in comparison with current activities in this field, which are financed only partially by fees.

The fees that industry will be forced to pay will be passed on to the consumer in the end, but the commission writes:

"The widespread concern that exists in connection with chemical risks to health and the environment justifies the assumption that the public is willing to accept the cost of effective chemical controls."

It is considered that as part of that effective control of chemicals, manufacturing and importing firms have an obligation to provide a basis, through their own research or in some other way, on which to evaluate the risks linked to the product.

It is proposed that in the future, registration of pesticides be valid for only 5 years at a time. Work to come up with preparations less dangerous to health and the environment will be supported and intensified.

The public will be allowed to buy only pesticides in the least dangerous classification. The two more dangerous classifications will be sold only to persons trained in their use.

According to the proposal, aerial spraying of farmland will be completely banned, with the provision that exemptions can be granted if it is felt that no other remedy exists against a threatening epidemic.

The kind of systematic spraying with pesticides that is being increasingly recommended by firms that make money from those pesticides should be banned, according to the commission's proposal. The spraying of pesticides should be permitted only when a real and immediate need exists.

The commission also wants the use of animal experiments to determine a product's degree of dangerousness restricted to the greatest extent possible--without thereby increasing the risk to humans.

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## Hard Priorities

"It will be difficult to prioritize the lakes in Sweden that will be saved by liming. We simply have insufficient resources to treat every lake," said Lennart Hannerz, commissioner of the Fisheries Board.

"Even though it appears that the sulfur fallout is being reduced, it probably will be even more difficult to deal with the effects of nitrogen pollution."

"It also remains to be seen if the owners of bodies of water will continue to use lime. Liming one time is not enough."

## Uncertain Method

"It also remains unclear whether or not liming is the best method from a biological standpoint, although we know of no better method today."

About 200,000 tons of lime is now being spread over thousands of Swedish lakes and waterways. No one knows exactly how many. Once a lake has been saved temporarily, the next major problem arises:

"Biological life in the lake must then be restored. Extensive research is now being conducted in this field," said Lennart Hannerz.

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